Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Border Timbers Limited will be held on Wednesday 7 November 2012 at 0900 Hrs in the Board Room of Radar Holdings Limited, 4th Floor, Tanganyika House, Corner Kwame Nkrumah Avenue and Third Street, Harare:

Members will be asked to consider, and if deemed fit, to pass with or without amendments, the resolutions set out below:

AS ORDINARY RESOLUTION

1. Financial Statements
To receive, consider and adopt the audited financial statements for the year ended 30th June 2012, together with reports of the Directors and Auditors.

2. Election of Directors
To re-elect retiring directors, messrs H. Von Pezold and I. Kanyemba, who retire by rotation and being eligible, offer themselves for re-election. To elect Mr S. Dube who was appointed as Finance Director on 1 March 2012.

3. Directors Remuneration
To ratify the remuneration paid to the non-Executive Directors.

4. Auditors Fees and Appointment
To ratify the remuneration paid to the Auditors for the past year's services and to appoint Auditors for the ensuing year. Messrs PricewaterhouseCoopers, being eligible, offer themselves for reappointment.

5. Any Other Business
To transact such other business as maybe transacted at an Annual General Meeting.

In accordance with the requirements of the Companies Act, members of the Company are notified that they are entitled to appoint one or more proxies to attend, speak and vote at the meeting on their behalf. A proxy need not be a member of the Company. Proxies must be lodged with the Secretaries not less than forty-eight hours before the meeting.

By order of the Board
Radar Investments (Private) Limited
Harare
26 September 2012

Transfer Secretaries
Radar Investments (Private) Limited
4th Floor Tanganyika House
23 Third Street
PO Box 10
Harare, Zimbabwe

NOTES:

1. Appointment of Proxies

1.1 A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and speak and upon a poll, vote in his stead. A proxy need not also be a member of the Company.

1.2 The proxy form should be lodged with the Secretary of the Company, to be received not later than 10:00am on Monday 5th November 2012.

2. Change of Address:
Members are requested to advise the Transfer Secretaries in writing of any change of address.

Group Financial Highlights

	2012 US$	2011 US$	2010 US$	2009 US$
Consolidated Statement of Comprehensive Income				
Revenue	27 963 463	21 930 331	13 843 061	7 553 609
Operating profit	4 630 897	7 792 464	2 076 261	155 100
Net interest paid	(1 897 534)	(1 129 633)	(320 017)	(64 277)
Profit before taxation	2 733 363	6 662 831	1 756 244	90 823
Profit/(Loss) after taxation	1 826 976	5 030 969	7 233 902	(601 109)
Consolidated Statement of Financial Position				
Equity attributable to equity holders of parent company	106 765 500	104 914 395	99 883 426	112 762 927
Net cash resources	(1 482 645)	(2 112 970)	(2 890 117)	96 686
Interest bearing debt	11 924 090	7 213 345	4 701 371	1 486 715
Consolidated Statement of Cash Flows				
Net increase/(decrease) in cash and cash equivalent	630 325	777 147	(2 986 804)	96 686
Ordinary Share performance				
Basic Earnings per Share (cents)	4	12	17	(1)
Market Price per share at 30 June (US$)	0.11	0.35	0.38	0.60
Shares in Issue (number)	42 942 487	42 942 487	42,942,487	42 942 487
Other				
Profit before interest and Taxation return on Total Assets	2.98%	5.34%	1.53%	0.12%
Profit after tax return on Shareholders funds	1.71%	4.80%	7.24%	-
Net Asset value per Share (US$)	3.23	3.18	3.00	2.99
Debt to Equity	11.17%	6.88%	4.71%	0.01%
Current ratio	0.58 : 1	0.94 : 1	0.92 : 1	1.37 : 1
Interest cover	2.44	6.90	6.49	2.41
Number of employees	2 793	3 012	2 530	2 419
Value added per employee (US$)	11 083	5 383	4 857	4 347
Annual Employment cost per Employee (US$)	3 345	2 026	2 136	1 260

Shareholders Calendar

Financial reports	
Interim results announced	27 March 2012
Year end results announced	4 October 2012
Annual General meeting	7 November 2012

Shareholders are reminded to notify Radar Investments (Private) Limited, P.O Box 10455, Harare, of any change in address.

Statutory Information

DIRECTORS	K R R Schofield	(Chairman)
	R E Breschini	(Group Chief Executive Officer)
	D Dell	(Managing Director - Deceased 18 April 2012)
	P Nyemba	(Finance Director - Resigned 31 December 2011)
	S Dube	(Finance Director - Appointed 1 March 2012)
	H B A J von Pezold	(Non Executive Director)
	R von Pezold	(Non Executive Director)
	I Kanyemba	(Non Executive Director)
OPERATIONS BOARD	E Hwenga	
	D Dell	(Deceased 18 April 2012)
	S Dube	
	G Bottger	
	S Sena	
	S Van Der Lingen	
	L Ngoma	
SECRETARIES	Radar Investments (Private) Limited	
AUDITORS	PricewaterhouseCoopers	
ATTORNEYS	Henning Lock Donagher & Winter	
	Honey & Blackenberg	
	Maunga and Maanda	
	Wintertons	
REGISTERED OFFICE	5th Floor, Charter House	
	Leopold Takawira Avenue/Fort Street	
	P.O. Box 2346	
	Bulawayo	
BANKERS	Kingdom Bank Limited	
	MBCA Bank Limited	
	Stanbic Bank Limited	
	NMB Bank Limited	
	FBC Bank Limited	
	TN Bank	
	BancAbc	
	Infrastructure Development Bank of Zimbabwe	
POSTAL ADDRESS	P.O. Box 458	
	Mutare	
PERIOD OF FINANCIAL STATEMENTS	Year ended 30th June 2012	
DATE FINANCIAL STATEMENTS AUTHORISED FOR ISSUE	26 September 2012	

Statement of Corporate Governance

This Statement of Corporate Governance has been established by the Board of Directors (The "Board") of Border Timbers Limited, and is intended, in conjunction with stated bylaws, other corporate governance documents and all applicable laws, to be a flexible framework within which the Board may conduct its business.

The Board establishes broad corporate policies for the Company and its controlled entities (referred to collectively as the "Group"), sets the strategic direction for the Group and oversees management with a focus on enhancing the interests of stockholders. The Board is also responsible for the corporate governance of the Company.

The Board

The Board of Directors currently comprises two Executive and six non-Executive Directors. This structure concurs with the principles set out in King III report where a preferred majority of non-Executive Directors is mandated.

The Executive Directors generally have a responsibility for making and implementing operational decisions on running the Group's businesses Non-Executive Directors complement the skills and experience of the Executive Directors, contributing to the formation of policy and decision making through their knowledge and experience of other businesses and sectors. All Directors bring an independent judgement to the issues of strategy, performance and resources, including key appointments and standards of conduct. The roles of Chairman and Managing Director are separate with responsibilities divided between them.

All Directors are subject to retirement and re-election by Shareholders in accordance with the Articles of Association which provides that all Directors are subject to election at the first annual general meeting following their appointment and thereafter one third of the Directors retire by rotation with the exception of the Managing Director whose appointment is set for a renewable period of five years in terms of Article 118. The board meets at least quarterly to review operational strategies and monitor management performance.

The details of each Director are as follows:

CHAIRMAN* - KRR Schofield - age 48 Appointed to the Board in November 1994 and appointed Deputy Chairman on 12 December 2002. He is the Chairman of Radar Holdings Limited and a Director of a number of other Zimbabwean companies outside the Radar Group. Appointed as board chairman on the 1st of August 2009.	**DIRECTOR** RE Breschini – age 56 Appointed to the Board in January 2011
DIRECTOR - HBAJ von Pezold – age 40 Appointed to the Board in December 2003. Mr. von Pezold is also a non-executive Director for Radar Holdings Limited and serves on many other local and international companies.	**DIRECTOR ◇*** - P Nyemba - age 42 Appointed to the Board in February 2007. He was appointed Finance Director of Border Timbers Limited in September 2006 and resigned December 2011.
DIRECTOR ◇* - S Dube - age 34 Appointed to the Board in March 2012. He was appointed Finance Director of Border Timbers Limited in 1 March 2012.	**DIRECTOR** – R von Pezold – age 71 Appointed to the Board in April 2003.
DIRECTOR ◇* - D Dell – age 65 Appointed to the board in May 2010. Died suddenly on the 18th of April 2012.	**DIRECTOR** – I Kanyemba age 52 Appointed to the board in January 2010.

◇ Executive Director

* Member of the Audit Committee.

Statement of Corporate Governance (Cont'd)

Board Committees

The Board has two standing committees:

The Audit Committee

The Audit Committee, having majority of non-Executive Directors, is chaired by Mr. S. Mattinson. The Committee meets three times a year. The Audit Committee is attended by the external auditors, the Managing Director and Financial Director in addition to other members of the management team as required.

The Audit Committee reviews with management that adequate and appropriate internal controls are in place and are appropriate to meet current and future needs; that significant business, strategic, statutory and financial risks have been identified and are being monitored and managed; that appropriate standards of governance, reporting and compliance are in operation; and it advises the Board on issues relating to the application of accounting standards to published financial information.

It is anticipated that, in the continued turbulence in the economy, the Audit Committee will be required to remain ever vigilant in their role of guardians of the Group.

The Operations Board

The Group has established, as a sub-committee of the Board, an operations board designed to assist the Chairman and Managing Director in managing the Group. Whilst the authority of the Chairman and Managing Director are unrestricted as far as management is concerned, the Board, as a whole, sets the overall tenor and parameters necessary. This Committee is designed to assist in the daily operation of the Group when the Board is not in session but is subject to the prevailing statutory limits and terms of reference set out by the Board.

Directors’ Responsibility for the Annual Financial Statement

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements. The financial statements have been prepared in accordance with the manner required by the Companies Act [Chapter 24:03].

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are also responsible for the Group’s systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on the going concern basis. However, we draw your attention to note 23 and 26 in which the various economic factors affecting financial reporting in Zimbabwe are stated.

As a result of these uncertainties and inherent limitations, the Directors advise caution on the use of the comparative information on the income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows for decision making purposes. However the directors are of the opinion that the comparative statement of financial position reveals a true picture of the assets and liabilities in the prior year.

The financial statements set out on pages 17 to 69 were approved by the Board of Directors on 26 September 2012 and are signed on its behalf by:

KRR SCHOFIELD
CHAIRMAN OF THE BOARD

S. DUBE
FINANCE DIRECTOR

CERTIFICATE BY COMPANY SECRETARY

In terms of the Companies Act [Chapter 24:03], Radar Investments (Private) Limited, as Company Secretaries, we confirm that for the year ended 30 June 2011, the Group has lodged with the Registrar of Companies all such Returns as are required of a public company in terms of this Act and that all such Returns are true, correct and up to date.

Radar Investments (Private) Limited
Company Secretary
Harare
26 September 2012

Director's Report

The activities and results of the Group are summarised in the Operational and Financial Reviews. In addition the following statutory information is provided.

Authorised and Issued Share Capital
Details of the authorised and issued share capital at 30th June 2012 are included in note 11 to the Group financial statements.

Reserves
The movements in the Reserves of the Group are shown in the Statement of Changes in Equity.

Results For The Year	2012 US$	2011 US$
Profit before taxation	2 716 339	6 662 831
Income tax credit/(expense)	(906 387)	(1 631 862)
Profit for the year	1 826 977	5 030 969

Borrowing Facilities
Article 86 of the Company's Articles of Association provides that the Group may from time to time, at the discretion of the Directors, borrow, raise or source borrowings up to half the value of the shareholders equity as reflected in the Statement of Financial Position of the Annual Report. This limit may only be exceeded with the sanction of an ordinary resolution of the Company.

Directors
The following Directors served during the year ended 30th June 2012:

KRR Schofield	Chairman	appointed as chairman to the board on the 1st of August 2009
RE Breschini	Director	appointed January 2011
D Dell	Director	appointed 27th of May 2010
P Nyemba	Director	re-appointed December 2007 and resigned 31 December 2011
R Von Pezold	Director	re-appointed December 2007
HBAJ von Pezold	Director	re- appointed December 2007
S Dube	Director	appointed March 2012
I Kanyemba	Director	appointed 1st of January 2010

Directors' emoluments for Management Services during the year were $232, 449, (2011: $274,617).

Messrs H von Pezold and R von Pezold retire by rotation and all being eligible, offer themselves for re-election.

Going Concern
The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements. However, we draw your attention to note 2.1.3 relating to the going concern status of the Group.

Auditors
Members will be asked to approve the Auditor's remuneration for the past audit and to confirm the re-appointment of Messrs PricewaterhouseCoopers as auditors to the Group for the ensuing year, they having signified their willingness to continue in office.

Annual General Meeting
The Annual General Meeting is to be held on 7 November 2012 in terms of the notice set out on page 2 of this annual report.

By order of the Board
Radar Investments (Private) Limited
26 September 2012

Chairman's Statement

Dear Shareholder

Every year for the past 12 years we have sat down at the close of the financial year and looked forward to ask "where flows the Don" ... or perhaps more appropriately ... "Where flows the Haroni"! Over the course of the last 4 years the direction seems clear ... the rocks in the water continue to scar the good ship BTL and indeed represent ever present danger to the course.

Notwithstanding the near mountain range rocks of power/labour costs/political intrigue/finance costs ....the list is interminable (but perhaps little different in finality to many seemingly more developed environs) a massive boulder has risen that faces not only your company but is choking the Haroni from flowing at all! Corruption at every conceivable level and in forms that one could simply not imagine, has become so pervasive, so consuming and so disgusting that it is sickening the entire moral fibre of this country. The onus is not on Public Companies to be commenting on the moral fortitude of a nation but this cancer is one that is not only consuming us from within but disfiguring the beauty of everything that is Zimbabwe. To my mind it therefore is incumbent on EVERY body ... corporate or otherwise ... to reject this malignant tumour and ask ... to borrow a phrase ... Who will rid us of this scourge? This rock should be navigated around but should be removed from the landscape of the river ahead.

I am grateful to Elias Hwenga and Simba Dube in their respective MD's and FD's reports following for having outlined most of the salient features of both the financial and operating positions of the Company.

I highlight the following as a summary of the salient points to consider.

Revenue:	Up $6.03million on 2011
Planted Hectares:	1 891 ha giving an accumulated total for the past 5 years of 8 469 ha.
Operating loss:	$5 439 525
Improvement in Mean Annual Increament due to investment in Silviculture:	From 9 m3 to 11 m3 per ha

In essence, the strategy, as somewhat evidenced above, is investment in the future. The present is fraught with difficulty ... we did not operate consistently throughout the year due to lack of power, wage demands are completely unsustainable, financing costs are as damaging as the lack of power - both the cost and the ridiculous short term nature of the debt market ... etcetcetc .... However, the planting/investment in long term assets is a guide on the Board's thinking with respect to the future prospects both locally in Zimbabwe as well as importantly the region. Stability will surely come to Zimbabwe and Border Timbers Limited needs to have both the skills and infrastructure in place to grow the forestry sector in Zimbabwe to serve the demand for local timber as well as what will be the demand for structural housing timber regionally. The losses that we are currently sustaining are putting almost intolerable pressure on Border Timbers - we believe however that many of these issues will be solved when the river runs clear. An asset will have been CREATED - perhaps providing a guide as to how to create value through simple application and genuine investment?

It has been your Board's strategy to wherever possible shift our revenue exposure to match our cost exposure. At present this has meant a shift from where 3 years ago, the substantial majority of our sales were to South Africa, our major sales are now rooted in the dollar based markets. It should be noted that the formal standards that are rigourously applied in the South African market vs the pure demand based markets of the regional economy's is one that is a challenge to the longer term margin's of this business. Where roughly 80% of the company's product was sold into the South African market that percentage is now almost exactly turned about. This is in the context of an increased throughput from our mills (although possibly a reduced overall output from Zimbabwe's mills).

Forestry

The investment made into the core areas of forestry will be key in the development of the asset base of the company in the coming years. The primary focus of BTL is to grow and maintain the forest. That is the "raison d'etre" of the company. 293 hectares of new variety seed (mostly Maximinoi and Tecunumanii) have been planted out with the intention that the next major planting in 2014/2015 will be substantially of new varieties. The effects of the focus on silviculture are very obvious and pleasing to note both in Chimanimani and in Penhalonga. The core effort over the year has again been not to cut into the future but to work within the confines of the age classifications that make the most sense from a FORESTRY point of view as opposed to a milling point of view. Having lost 1 452 hectares of mostly 15 years and down trees to the irresponsibility and criminal actions of certain individuals and organisations, the time to normalisation where it should have been steadying over the course of the coming 5 years will instead come into its own only towards 2020.

Chairman's Statement (Cont'd)

It should be noted that as per the note in the Financial Director's report, the Board has decided that in order to focus on the newly planted areas with the resources available, Border will scale back this coming year's planting. The value to be gained in a strong focus on the areas planted - 50% of which are less than 12 years old - is critical to building value in the asset. Young trees consume the majority of silvicultural expense and as such with the weighting we have in young trees we have deemed more value to be gained in this year in focusing on what is planted and ensuring the very best annual growth rates and survival, as opposed to simply planting more trees.

The GIS systems have been properly enumerated and are giving substantial value in guiding forest management.

The company again had to deal with substantial fires, losing 1 452 hectares. The response from the workforce, management, other industry players and the police in making every effort to limit fire damage has been very much appreciated. Border will work closely with positive communities around us to educate and assist in fire awareness and management.

Sawmilling and Manufacturing

Border increased its volumes at all operations with the exception of Border Timbers International. Profitability has been a major challenge as erratic power supply, tight liquidity and ultimately unaffordable wage increases have eliminated margins on numerous product lines. A review of profitability is under way as well as to understand the future markets and demand for some of Borders long manufactured products. As discussed in last year's report, for Zimbabwe to have a manufacturing base, it needs to have a competitive advantage. No power and high labour costs in a low productivity environment does not equate to "competitive advantage".

That said, management and the workforce have, as always, given a strong account of BTL in dealing with the many external issues that do not make their lives any easier.

Environment

Following the initiative of Doug Dell, Border continues to lead the way in developing an environmental code that makes sense for the industry and some of the specific challenges that the industry faces. Border's environmental practice and ethic is second to none and we continue to operate and maintain an international standard. Border has chosen a "suspended" status from FSC certification and hope that at a point that FSC deem relevant to their looking at the total destruction of the indigenous forests of this country in the context of Border's efforts to ensure a sustainable commercial forest base that FSC will play a positive role in Zimbabwe's Timber Industry.

Health and Safety

While Border's health and safety record has been particularly strong in the year under review it is deeply regrettable that on the 3rd of October last year, one employee was killed in a tractor accident. The company initiated an immediate retraining exercise in an effort to ensure that this kind of accident simply does not happen again.

Land

During previous financial years, the Zimbabwe Government de-listed all land previously listed for compulsory acquisition. In 2005, the Constitution of Zimbabwe Amendment (No17) was enacted into Zimbabwe law by the Parliament of Zimbabwe to confirm acquisition of land for resettlement purposes which took place pursuant of the Land Reform Program beginning 2000 and to provide for the acquisition in future of agricultural land for resettlement and other purposes.

The constitutional provision states that:

- All land that has been identified in the Government Gazette between 2 June and 8 July 2005 or identified after that date by the Government, as being Agricultural land required for resettlement purposes is acquired by the state and is vested in the state with full title therein.

- No compensation shall be payable to such land except for any improvements on the land

- The acquisition of such land may not be challenged by the courts except to the extent of amounts payable for improvements.

- It should however be noted that both the land and operating assets of the Group are protected through a bilateral investment agreement between Zimbabwe and Germany. As such the damage sustained by Boder Timbers is being persued in the courts. Over the course of time, all initiators and those involved in damage to Border property will be held accountable within the confines of the law.

Chairman's Statement (Cont'd)

Outlook

The price of pine timber in South Africa has risen 2.7% over the year with a corresponding 10% drop in the exchange rate. The volume of timber sold into South Africa from Zimbabwe (South Africas largest imported timber supplier) has more than halved from 43 800m3 in 2008 to less than 20 000m3 this year. As a strategic volume market however, the South African market cannot be ignored and there will be continued supply to key customers in South Africa. At the same time, as the dollar markets continue to grow - at least in percentage terms - substantially more strongly than the Rand markets, Border will continue to identify and develop key customers and product niches in exchange rate risk free areas.

Border expects to further improve our efficiencies this year and in particular to increase our position in the pole market. We expect the market in Zimbabwe to tighten as available working capital constraints throttle growth. We expect the election period to be a difficult one for investment as across every sector investment capital will look to a positive Zimbabwe that looks to entrepreneurial growth and investment as opposed to political expediency. Zambia is growing strongly at 7% and will be a larger target market. Mozambique will grow at 7.9% this year and particular areas will be looking to Border's product and quality. Sub Saharan investment in infrastructure will harden demand for quality construction product and we expect a corresponding improvement in pricing into the region.

Appreciation

As noted before, Douglas Dell very sadly passed away suddenly in April. He is sorely missed not only for his guidance and deep forest knowledge which is evident in Border's improved forest base - but also for his leading role in Manicaland. Border has a role to play and will lead from the front. Doug epitomised this and was a great loss as an honourary Zimbabwean! In seeking someone to take over from Doug, we have again looked for specific experience in commercial forestry with a rooting in technical knowledge. We hope to have the full time MD in place in the next month.

Prince Nyemba resigned from the Board in December and we wish him the best of luck and reward in his new venture. His input and dedication at Border are much appreciated.

In the interim, my thanks to Elias Hwenga and Radar for having effectively seconded Elias to running Border in a very difficult period. The financial rigors of ensuring both investment and working capital have been onerous and Elias and Simba Dube (who joined us as Financial Director) have steered the good ship BTL with responsibility and firmness - I speak for the Board in noting our specific appreciation.

I would also note as always my and the Board's appreciation to all those who work at or for Border. While it is clear that I do not view the wage structure as sustainable and am deeply concerned as to the direction of wage demands, I also commend the manner in which BTL employees have for the most part conducted themselves. We have not had strikes, do not have an unpleasant operating environment, have had most people trying to give their very best and for the most part working with integrity and diligence.

Our suppliers have once again been enormously patient with us for which I am most grateful. The long term financing that we had initiated TWO YEARS ago is hopefully finally within sight and this will relieve substantial pressure off the organisation. I trust - and expect - that this will flow through to our suppliers.

I look forward to the year ahead as a crystallisation of positive change in Zimbabwe and by definition your Company.

K.R.R. Schofield
CHAIRMAN
26 September 2012

Operational Report

Overview

The Group realized a growth in revenues of 28%. However this was outweighed by a corresponding increase in costs. This resulted in the Group reporting a profit before tax of US$ 2 733 263 against a prior year profit before tax of US$ 6,662,831. The poor liquidity in the market did not do much to help the situation as local debt proved difficult to collect although the margins were more attractive than exporting. The unavailability of long term financing meant that the long term nature of the business had to continue being funded by short terms borrowings which in most cases came at a high interest rate cost. The value of the biological asset continued to grow due to the continued investment in the forest and better silviculture activities.

Operational Review

Forestry & Sawmilling

Unreliable utility availability, cost pressures on payroll costs, regular breakdowns which resulted in above normal repairs and maintenance of old haulage, and sawmills equipment contributed significantly to cost overruns. Where electricity power was unavailable the sawmills had to rely on generator electricity which proved more costly in terms of fuel. With all these challenges the total round wood production increased and the sawmill input also increased. Sheba estate had one of the worst fires during the course of the year, the total area destroyed by fire for the Group during the year was 1,452 hectares. The total area planted went up this year to 1,891 hectares. Most of the planting back log has been covered. The recent large scale planting in the past three years has resulted in an increased level of care and maintenance for the plantings which is normal forestry practice. This has strained the cash flows, resulting in future planting being brought down to match clear felled area as most of the silviculture back log has been cleared. Growth in the mean annual increments through better silviculture activities will now be the focus going forward. The Group will work on engaging more contractors to do most of the silviculture activities so as to better manage productivity and the quality of work.

Key Production Statistics

	FY 2012	FY 2011	FY 2010
Round wood production (m3)	216,560	189,964	147,000
Planting (ha)	1,891	1,277	1,580
Sawmill input (m3)	181,374	154,455	118,717

Poles

The poles business would have performed better than expectation had it not been for the fire that damaged the plant and resulted in significant down time. When the equipment was finally put up there were challenges with getting the autoclave doors to function properly and this further contributed to lost production. A regional shortage of creosote also continued to exist and in some cases the plant ran out of the raw material to treat. The market has however taken positively to the alternative treatment Chromate Copper Arsenic (CCA), but still demand remains strong for creosote treated poles.

Border Timbers International

This business continued to suffer from the raw material input shortages from the sawmills mainly eucalyptus rough sawn timber. Electricity challenges also resulted in a decision having to be made to put the factory on a dedicated line charged at premium rates. This position was made worse by the fact that the machinery generally consumes an extraordinary amount of electricity due to its design. Going forward the raw material supply situation will have to be looked at and actions taken to increase input from the mills of rough sawn eucalyptus timber. An investment in the machinery will also be required.

Paulington

Electricity challenges and machine breakdowns affected production significantly. It is anticipated that the raw material supply will be good in the coming year, given the amount of peeler logs that will be coming through from the forests, and the fact that the major rough sawn timber cross section is readily available at the saw mills. The challenge remains the aging equipment, which for now, will have to be under significant maintenance until resources have been built up for capital investment.

Operational Report (Cont'd)

Safety Health & Environment

Positive trends have been reported and this remains a key focus for management, given the nature of operations. Our clinics continue to offer drugs to staff and dependents, and are also centers for the distribution of HIV drugs.

The Market

Demand for housing locally remains firm with a number of housing projects being undertaken. This has resulted in a demand for the Group's products. The demand for transmission poles also continues to be strong due to the electrification projects being undertaken by most power utilities within the region. The Group has the resource and the production capacity to take advantage of this opportunity.

Prices on the local market remained firm during the course of the year but this is expected to whittle down due to cheap imports. Better marketing on the local market is needed to educate customers on the long term benefit of using better quality kiln dried products in building.

The major export destinations are still South Africa and Botswana on the value added products side and sawn timber. Focus is on developing other dollar markets within the region.

Outlook

Cost pressures will continue to be high and the focus for the business will be to halt significant capital expansion and consolidate what is on the ground. Although there are a multiple of challenges affecting the business, the market still requires a good quality product at the best possible price. As such, management will have to find clever ways of ensuring that costs are contained and that efficiencies and productivity are improved.

Regrets

It is with regret that I have had to compile this report instead of the previous Managing Director – Mr. Douglas Dell, due to his untimely and unexpected death on April the 18th 2012. His experience and contribution to the Group over the years will be greatly missed. The Group is in the process of identifying a replacement.

Appreciation

I would like to thank the staff of Border Timbers Limited for the hard work and dedication during the course of the year given the plethora of challenges. Many thanks go to the Board for their guidance in these challenging times.

E. Hwenga
ACTING MANAGING DIRECTOR
26 September 2012

Finance Report

Introduction

The year under review continued to be characterized by liquidity challenges and cost pressures.

Operating Results

The Group recorded revenue of US$28 million during the year under review. This represented a 28% increase from the same period prior year. Increased production and sales volume in rough sawn timber, poles and boards gave rise to this growth.

High repairs and maintenance costs for both mobile machinery and plant machinery mainly at the sawmills and value adding factories, unrealistic labour demands, high power costs emanating from ring fenced power arrangements with the power utility company, coupled with generator usage in cases of power outages have put a lot of strain on operating margins.

The cost of borrowing has remained high on the local market. Finance costs for the year at US$1.9 million are a reflection of the borrowing levels of your Group and the associated high costs. These borrowings have been brought about by the vigorous replanting regime, care and maintenance of the biological assets and also recapitalisation in key items of plant and equipment. Borrowings increased by US$5.3 million during the year. In response to this, replanting will be scaled down as well as plant and equipment capital expenditure.

Fair value gains for the year at US$10 million are a reflection of the investment that has been put into the plantation. This has been credited to the statement of comprehensive income to partially match plantation redemption of US$6.8 million. Included in plantation redemption is the fire loss of US$2,7 million. The ratio of clear fellings to plantings continue to be favourable. 1,891 hectares were planted during the year against clear fellings of 592 hectares. Profitability for the year was adversely affected by high operational costs and plantation fire losses. 1,452 hectares were lost in plantation fires during the year at a cost of US$2.7 million.

Capital expenditure during the year amounted to US$7.4 million of which US$4 million was expenditure on plantation development.

Border Timbers International

The plant realized a loss during the year under review. High operational costs and under-utilization of capacity owing to erratic timber suppliers contributed to this loss. Production was 7% below prior year volume at 7,233 m3 whilst sales volume decreased by 11% to 6,869 m3. Although demand remains firm for the factory's products, production was adversely affected by power outages and equipment breakdowns.

Paulington factory

Production and sales volume growth was achieved during the year. At 9,627 m3, production increased by 9% compared to prior year. Sales volume at 9,347 m3 was 15% up on prior year volume. Although the factory equipment is aged, a conscious decision was made to rather focus on annual and routine repairs and maintenance during the course of year. The factory operated at a loss during the year. This was due to high repairs and maintenance costs, high power costs owing to the dedicated power line arrangement with Zimbabwe Electricity Supply Authority and high labour costs arising from wage increase pressures. The demand for the products remains firm both locally and outside the country.

Pole yard

After the fire that gutted the plant on 29 June 2011, the plant was successfully restored during the course of the year. Volume output for the year at 17,327m3 represented an increase of 40% from prior year. Availability of timber treating chemicals remains a challenge to this business. The poles market remains buoyant influenced by rural electrification projects being undertaken by countries in the Southern African region.

Finance Report (Cont'd)

Working capital

Cash generated from operations at US$4.6 million represented a 76% increase from last year. This is attributable to the increased sales volumes and values during the year.

The Group's statement of financial position has however continued to reflect a negative working capital position. This is primarily a result of capital expenditure related debt which is mainly in the form of short term borrowings. As previously reported, efforts are being made to restructure all capital expenditure related debt into long term. In this regard, discussions are in progress with an international financial institution on a loan facility which would allow the Group to restructure all the capital expenditure related debt. Should the discussions be successful, the structure of the statement of financial position will improve significantly. Finality to this long outstanding issue is expected by December 2012.

Biological Assets

Expenditure on development of the biological asset at US$4 million is a reflection of the kind of focus the business has on re-developing the plantations. Future yields are expected to improve significantly as good forestry practices are applied.

Property, Plant and Equipment

Expenditure on property plant and equipment at US$3.3 million was dominated by mobile equipment for the harvesting and extraction of timber from the Group's plantations. This investment has had the desired impact as volume increased 11% from prior year. Going forward, focus is expected to shift towards recapitalization of the sawmills and factories.

Outlook

The continued investment in capital expenditure will see your Group increasing production and sales revenues. It is envisaged that the new financial year will once again witness positive growth in revenues and profitability. Consequently, cash generation will be at a considerably higher level. Future capital expenditure will be scaled down as only key capital expenditure related to productivity and efficiency improvement will be undertaken.

S. Dube
FINANCE DIRECTOR
26 September 2012

INDEPENDENT AUDITOR'S REPORT
to the shareholders of

BORDER TIMBERS LIMITED

We have audited the consolidated financial statements of Border Timbers Limited and its subsidiaries ("the Group") and the separate financial statements of Border Timbers Limited ("the Company") standing alone, together the "financial statements", which comprise the consolidated and separate statements of financial position as at 30 June 2012 and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 17 to 69.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Group and the Company as at 30 June 2012, and the Group's and Company's financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments SI 33/99 and SI 62/96.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants (Zimbabwe)
Harare
25 October 2012

PricewaterhouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant
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T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	2012 US$	2011 US$
ASSETS			
Non-current assets			
Property, plant and equipment	5	47 858 556	46 867 238
Biological assets	6	97 794 631	90 432 254
		145 653 187	137 299 492
Current assets			
Inventories	7	4 487 015	4 580 560
Trade and other receivables	9	4 891 045	3 841 047
Cash and cash equivalents	10	193 593	127 360
		9 571 653	8 548 967
Total assets		155 224 840	145 848 459
EQUITY			
Equity attributable to the owners of the parent			
Share capital	11	429 425	429 425
Non distributable reserve	12	90 455 727	90 455 727
Revaluation reserve		2 295 909	2 365 481
Retained earnigs		13 584 439	11 663 762
Total equity		106 765 500	104 914 395
LIABILITIES			
Non-current liabilities			
Borrowings	13	422 054	1 100 979
Deferred income tax liabilities	14	31 623 725	30 717 337
		32 045 779	31 818 316
Current liabilities			
Trade and other payables	15	4 636 319	2 701 801
Provisions	16	275 206	301 581
Borrowings	13	11 502 036	6 112 366
		16 413 561	9 115 748
Total equity and liabilities		155 224 840	145 848 459

The financial statements were approved by the Board of Directors on 26 September 2012 and are signed on its behalf by:

KRR Schofield
Chairman

S DUBE
Finance Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Notes	2012 US$	2011 US$
Revenue		27 963 463	21 930 331
Cost of sales	19	(27 019 337)	(19 785 061)
Gross profit		944 126	2 145 270
Fair value gains on biological assets	6	10 070 422	10 973 007
Other operating income	18	335 479	377 933
Distribution and selling expenses	19	(2 649 429)	(1 693 276)
Administration expenses	19	(3 505 461)	(3 997 598)
Other operating expenses	18	(564 240)	(12 872)
Operating profit		4 630 897	7 792 464
Finance income	21	2 633	3 405
Finance costs	21	(1 900 167)	(1 133 038)
Profit before income tax		2 733 363	6 662 832
Income tax expense	22	(906 388)	(1 631 862)
Profit for the year		1 826 976	5 030 970
Other comprehensive income			
Deferred tax on revaluation reserve transfer to retained earnings		24 128	-
Total comprehensive income for the year		1 851 104	5 030 970
Earnings per share (cents)			
Basic earnings per share	23	4.25	11.72

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Share capital US$	Non distributable reserve US$	Revaluation reserve US$	Retained earnings US$	Total US$
Year ended 30 June 2011					
Balance at 1 July 2010	-	90 885 152	2 365 481	6 632 793	99 883 426
Comprehensive income					
Profit for the year	-	-	-	5 030 970	5 030 970
Transactions with owners					
Re-denomination of shares	429 425	(429 425)	-	-	-
Balance at 30 June 2011	429 425	90 455 727	2 365 481	11 663 763	104 914 395
Year ended 30 June 2012					
Balance at 1 July 2011	429 425	90 455 727	2 365 481	11 663 763	104 914 395
Comprehensive income					
Profit for the year	-	-	-	1 826 976	1 826 976
Other comprehensive income					
Transfer from revaluation reserve of disposed assets	-	-	(93 700)	93 700	-
Deferred tax on revaluation reserve transfer to retained earnings	-	-	24 128	-	24 128
Total comprehensive income for the year	-	-	(69 572)	1 920 676	1 851 104
Balance at 30 June 2012	429 425	90 455 727	2 295 909	13 584 439	106 765 500

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Notes	2012 US$	2011 US$
Cash flow from operating activities			
Profit before interest and tax		4 630 897	7 792 464
Adjustments for non cash items:			
- Depreciation	5	2 042 228	1 763 862
- Fair value gain on biological assets	6	(10 070 422)	(10 973 007)
- Plantation redemption	6	6 807 397	5 337 691
- Loss on disposal of property, plant & equipment	18	245 116	5 023
- Impairment charge	5	8 844	193 322
		3 664 060	4 119 355
Working capital changes			
- Inventories		93 546	(246 519)
- Trade and other receivables		(1 049 998)	(1 720 525)
- Trade and other payables		1 413 384	611 766
- Related party balances		494 758	(198 786)
Net cash generated from operating activities		4 615 750	2 565 292
Cash flows from investing activities			
Additions to property, plant and equipment	5	(3 315 175)	(2 108 949)
Expenditure on biological assets	6	(4 099 352)	(1 968 596)
Proceeds on sale of property, plant and equipment		51 801	3 000
Interest received	21	2 633	3 405
Net cash used in investing activities		(7 360 093)	(4 071 140)
Cash flows from financing activities			
Proceeds from borrowings		45 044 623	10 297 245
Repayments of borrowings		(39 769 789)	(6 881 213)
Interest paid	21	(1 900 167)	(1 133 037)
Net cash generated from financing activities		3 374 667	2 282 995
NET INCREASE IN CASH AND CASH EQUIVALENTS		**630 324**	**777 147**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(2 112 970)**	**(2 890 117)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**(1 482 646)**	**(2 112 970)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

1 CORPORATE INFORMATION

The financial statements of Border Timbers Limited (Group and Company) for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the Directors on 26 September 2012. Border Timbers Limited is a limited liability public company incorporated and domiciled in Zimbabwe whose shares are publicly traded.

The principal activities of the Group are the growing and milling of timber from managed plantations, and manufacturing of timber products.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.
These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

2.1.1 Statement of compliance

The financial statements of Border Timbers Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations. International Financial Reporting Standards (IFRSs) include standards and interpretations approved by the International Accounting Standards Board (IASB) as well as International Accounting Standards (IASs) and Standing Interpretations Committee interpretations issued under previous constitutions.

2.1.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of property plant and equipment and biological assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.3 Going concern

At year end, the Group and the Compnay had borrowings totalling US$11 924 090 comprised mainly of short term borrowings. The Group is finalising negotiations to access medium to long term funding from local and international lenders in order to replace short term borrowings. In addition, regardless of this funding, management has focused on a steady improvement in profitability and cashflows for the five years to 30 June 2017.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.1.4 Changes in Accounting Policies and Disclosures

a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning'1 July 2011.

- Amendments to IFRS 7,'Financial instruments: Disclosures' on derecognition: This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) New and amended standards adopted by the Group (continued)

- IAS 24, 'Related party disclosures' (revised 2009): Amends the definition of a related party and modifies certain related-party disclosure requirements for government-related entities.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2011 and not early adopted.

The Group is in the process of assessing the impact of these new standards and interpretations on its financial statements:

- Amendment to IFRS 7 : Disclosures—Offsetting Financial Assets and Financial Liabilities

- IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption.

- IFRS 10, 'Consolidated financial statements', effective 1 January 2013. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. The standard also sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee and sets out the accounting requirements for the preparation of consolidated financial statements.

- IFRS 12, 'Disclosures of interests in other entities', effective 1 January 2013 .IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 13, 'Fair value measurement', effective 1 January 2013. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

- Amendment to IAS 1, 'Financial statement presentation', regarding other comprehensive income, effective 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- IAS 27(Revised 2011), 'Separate financial statements', effective 1 January 2013. IAS 27 (revised 2011) includes the provisions on separete financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- Ammendments to IAS 32 : Offsetting Financial Assets and Financial Liabilities

2.2 Consolidation

The consolidated financial statements incorporate the financial statements of the Border Timbers Limited and its subsidiaries, using uniform accounting policies.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition- by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

At holding company level, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Operating Board, which makes all operational and strategic decisions

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'United States dollars' (US$), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within '(losses)/gains – net'.

Translation differences on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets are included in other comprehensive income.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, Plant and Equipment

Property, plant and equipment are shown at fair value, based on periodic valuations by independent professional valuers or directors less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in the carrying amount arising on revaluation of property plant and equipment are credited to the revaluation reserve through other comprehensive income. Decreases that offset previous increases of the same asset are charged against the revaluation reserve through other comprehensive income, all other decreases are charged to the statement of comprehensive income.

Land and capital work in progress are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings and improvements	4 - 30 years
Plant and machinery	5 - 33 years
Motor vehicles and tractors	5 - 10 years
Furniture, fittings and office equipment	4 - 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

2.6 Biological Assets - Plantations

Plantations are stated at fair value less estimated cost to sell at the harvesting stage. Immature timber which is in the 1 – 6 year age group is carried at cost as the fair value cannot be easily determined. The age threshold used for quantifying immature timber is dependent on the rotation period of the specific timber genus. Softwood less than six years and hardwood less than four years is classified as immature timber. All changes in fair value are recognised in the period in which they arise.

Trees are generally felled at the optimum age when ready for intended use. At the time the tree is felled it is taken out of plantations and accounted for under inventory. Fair value for mature timber is determined based on prices on the local and regional markets which are markets in which the bulk of the timber is sold. Changes in the carrying value of the biological asset are taken directly to the income statement in accordance with IAS 41 "Agriculture". Transfers to inventory are recognized at the carrying amount of the plantation when the timber is felled.

2.7 Impairment of Non-financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial Assets

Classification
The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date.

These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Recognition and measurement
Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Impairment of Financial Assets

Assets carried at amortised cost
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment of Financial Assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value after appropriate provisions for redundant and slow moving items. Cost is determined on the following basis:-

a) Raw materials are valued at cost on a weighted average basis.
b) Finished goods and work-in-progress are valued at cost using weighted average cost method. Cost includes raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.
c) Consumables are valued at weighted average cost.

The values of obsolete and slow moving stocks are reduced, where necessary, to estimated net realisable values. Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs of completion and estimated costs necessary to make the sale.

2.11 Trade Receivables

Trade receivables are amounts due from customers for goods and services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short- term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.13 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.15 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value added tax
Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable: and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

2.16 Employee Benefits

Pension obligations
The Group provides for pensions on retirement for all employees by means of a defined contribution pension fund, Radar Pension Fund, which is administered by a Board of Trustees.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Group companies and all employees contribute to the National Social Security Authority Scheme of which the contributions are determined by the systematic recognition of legislated contributions.

Short terms benefits
The cost of short term employee benefits is recognised in the period in which the service is rendered. The expected cost of leavepay is recognised as an expense as the employees render services that increase their entitlement.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Bonus plans

The Group recognises a liability and an expense for bonuses based on the monthly wage bill the assumption being that a 13th cheque will be paid to employees at the end of December. This means that as at 30 June, only half of the bonus would have been provided for. Productivity bonuses are paid to employees when set targets are met, and no provision is made in advance for this. Productivity bonuses are paid on a monthly basis where targets are met.

2.17 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Provisions

Provisions are recognised when; the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods and services sold in the normal course of business, net of discounts and value added taxes and after eliminating sales within the Group. The revenue for the Group comprises sales of processed and raw timber to local and export markets. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the following specific recognition criteria are met.

a) Sale of goods

Revenue is recognised when significant risks and rewards of ownership are transferred to the buyer, which happens when the goods are delivered to the customer. Sales are either on cash or credit basis.

b) Interest income

Interest income is recognised as interest accrues using the effective interest method. The Group earns interest on current accounts held with financial institutions.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Leases

Finance Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

2.21 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Useful lives and values of property, equipment and vehicles

The Group management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected life cycles for these assets. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

b) Valuation of property, plant and equipment

The Group revalues its property, plant and equipment every 3 years. On 30 June 2010 an independent valuation was done on all property, plant and equipment. In the view of the directors there is no significant change in the fair value as at 30 June 2012.

The Group tests whether property, plant and equipment has suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered, in accordance with the accounting policy note in 2.7 to the Group financial statements. The recoverable amounts of property, plant and equipment have been determined with reference to fair value less cost to sell.

c) Valuation of biological assets

In measuring fair value of the plantation, management estimates and judgments are required for the determination of fair value. These estimates and judgments relate to the market prices, age and yields of standing timber. In determining biological asset valuation the following assumptions were used:

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

c) Valuation of biological assets (continued)

- Selected enumerated compartments were deemed representative of the average yields used in the valuation for the rest of the plantation
- Mean Annual Increament (MAI) derived from enumerated compartments although lower than industrial averages was deemed reasonable and reflective of the current silviculture practices.
- Biomass for young trees (Pine less than 6 years and Euc less than 4 years) is negligible and cannot easily be quantifiable, therefore input costs have been used.
- Current recovery rates are reasonable and have been used to arrive at saleable output
- Prices used for valuation are market linked
- Yield volumes are dependent on species and age

Changes in any estimates could lead to recognition of significant fair value changes in the statement of comprehensive income. The effect of a change in the MAI and yield on profit before tax is analysed in note 6 to the financial group statements.

d) Impairment losses on trade and other receivables

The Group reviews its trade and other receivables to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of trade and other receivables before the decrease can be identified with an individual receivables in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in the Group, or national or local economic conditions that correlate with defaults in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

e) Income taxes

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

f) Going concern

The Directors assess the ability of the Group to continue operating as a going concern at the end of each financial year. As at 30 June 2012, the directors have assessed the ability of the Group to continue operating.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

4 SEGMENT INFORMATION

	Forestry US$	Manufacturing US$	Total US$
Year ended 30 June 2012			
Total segment revenue	16 191 033	15 522 979	31 714 012
Inter segment revenue	(3 750 550)	-	(3 750 550)
Revenue from external customers	12 440 483	15 522 979	27 963 462
Operating profit/(loss) before interest and taxation	4 522 361	91 513	4 613 874
Interest paid	(1 140 466)	(759 701)	(1 900 167)
Interest received	1 344	1 289	2 633
Profit/(Loss) before tax	3 383 239	(666 899)	2 716 340
Statement of financial position			
Total assets	137 183 096	18 041 743	155 224 839
Total liabilities	23 480 659	24 978 680	48 459 339
Other Information			
Capital expenditure	6 691 593	722 934	7 414 527
Depreciation	1 546 138	496 090	2 042 228
Impairment of property, plant and equipment	8 844	-	8 844
Employee numbers	2 271	522	2 793
Year ended 30 June 2011			
Total segment revenue	15 495 555	12 893 376	28 388 931
Inter segment revenue	(6 414 184)	(44 416)	(6 458 600)
Revenue from external customers	9 081 371	12 848 960	21 930 331
Operating profit/(loss) before interest and taxation	9 235 222	(1 442 758)	7 792 464
Interest paid	(509 737)	(623 301)	(1 133 038)
Interest received	1 738	1 667	3 405
Profit/(Loss) before tax	8 727 223	(2 064 392)	6 662 831
Statement of financial position			
Total Assets	129 629 646	16 218 813	145 848 459
Total liabilities	24 394 402	16 539 662	40 934 064
Other Information			
Capital expenditure	3 534 520	543 025	4 077 545
Depreciation	1 192 472	571 390	1 763 862
Impairment of property, plant and equipment	-	193 322	193 322
Employee numbers	2 409	603	3 012

The segmentation of the group's operations has been done in a manner consistent with the internal reporting provided to the operational management). This board is responsible for allocating resources and assessing the performance of the operating segments.

The Group is organized into two main operating segments, all of which operate in Zimbabwe.

- Forestry: growing and milling of hardwood and softwood timber
- Manufacturing: manufacture and supply of product to the agricultural, mining, engineering, and building sectors

The Operating Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

All operating segments operate in Zimbabwe and segment sales reflect sales to third parties and inter-segment sales.

The Group is domiciled in Zimbabwe. Revenue from external customers from other countries, mainly Mozambique, Botswana and South Africa, is $9 438 823 (2011: $6 954 328).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

5 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$	Motor vehicles and tractors US$	Furniture and fittings US$	Plant and machinery US$	Capita work-in progress US$	Total US$
Year ended 30 June 2011						
Opening net book amount	35 060 392	5 211 861	109 009	6 158 003	184 232	46 723 497
Additions		1 191 564	3 813	430 865	482 707	2 108 949
Disposals	-	(8 024)	-	-	-	(8 024)
Transfer in/ (out)	-	500	-	64 765	(65 265)	-
Impairment charge		(174 533)	-	(18 789)	-	(193 322)
Depreciation charge	(644 095)	(424 680)	(28 820)	(666 267)	-	(1 763 862)
Closing net book amount	34 416 297	5 796 688	84 002	5 968 577	601 674	46 867 238
At 30 June 2011						
Cost or valuation	35 850 653	6 685 612	149 004	7 289 540	601 675	50 576 484
Accumulated depreciation	(1 434 356)	(888 924)	(65 002)	(1 320 964)	-	(3 709 246)
Net book amount	34 416 297	5 796 688	84 002	5 968 576	601 675	46 867 238
Year ended 30 June 2012						
Opening net book amount	34 416 297	5 796 688	84 002	5 968 576	601 675	46 867 238
Additions	94 640	1 972 609	36 294	799 813	411 819	3 315 175
Transfer in /(out)	-	496 670	329 748	25 046	(851 464)	-
Impairment charge	-	(8 844)	-	-	-	(8 844)
Disposals	-	(272 785)	-	-	-	(272 785)
Depreciation charge	(515 633)	(758 057)	(113 588)	(654 950)	-	(2 042 228)
Closing net book amount	33 995 304	7 226 281	336 456	6 138 485	162 030	47 858 556
At 30 June 2012						
Cost or valuation	35 945 293	8 833 507	515 046	8 114 399	162 030	53 570 275
Accumulated depreciation	(1 949 989)	(1 607 226)	(178 590)	(1 975 914)	-	(5 711 719)
Net book amount	33 995 304	7 226 281	336 456	6 138 485	162 030	47 858 556

The Group's property, plant and equipment were last valued on 30 June 2010 by independent valuers. For the year ended 30 June 2012, physical inspection of property, plant and equipment was carried out by the engineering department with the assistance of divisional management to assess the condition of property, plant and equipment. It is the belief of management that all assets given in the asset register have been carried at values greater than their recoverable amounts.

Depreciation expense of US$ 1,573,430 (2011: US$ 1,402,418) has been charged in 'cost of sales ' and US$468,798 (2011:US$361,444) has been charged in 'administrative expenses'.

If land and buildings were stated on historical cost basis, the amounts would be as follows:

	2012 US$	2011 US$
Cost	50 391 169	47 397 378
Accumulated depreciation	(5 518 862)	(3 612 817)
	44 872 307	43 784 561

5.1 Encumbered Assets

There are no encumbered assets.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

6 BIOLOGICAL ASSETS

	2012 US$	2011 US$
At 1 July	90 432 254	82 828 342
Expenditure for the year (note 19)	4 099 352	1 968 596
Fair value gain	10 070 422	10 973 007
	104 602 028	95 769 945
Deduct:	(6 807 397)	(5 337 691)
Destroyed by fire / c yclone	(2 738 014)	(601 677)
Felled timber	(4 069 383)	(4 736 014)
At 30 June	97 794 631	90 432 254

Comprising of standing timber at fair value less costs to sell	2012 Hectares	2012 US$	2011 Hectares	2011 US$
Age				
1- 6 years	7 047	3 246 405	6 804	1 740 159
7-12 years	4 209	9 796 971	4 675	9 847 427
13-18 years	6 386	45 478 831	6 952	39 452 620
19-24 year	3 121	26 372 880	3 043	26 028 032
25-30 years	358	3 467 349	401	4 616 101
Over 30 years	605	9 432 195	845	8 747 915
	21 726	97 794 631	22 720	90 432 254

Valuation of plantations

A director's valuation was carried out as at 30th June 2012. All plantings below six years are stated at development cost for pine and 4 years for eucalyptus. The valuation of plantations greater than these ages was based on an estimated total standing timber volume to which was applied a fair value price for the standing timber, based on markert prices.

The growth in biological asset is linked to the Mean Annual Increament (MAI) for each species and age class. MAI is highly dependent on silvicultural practices and at regular intervals the actual standing timber volume for each compartment is verified through enumerations as determined by the Group's forestry and planning department. To assess the level of current yields against standards, MAI is then derived from the enumerated yields. A combination of the MAI model and actual volumes of standing timber where enumeration were carried out in the current year, was used to determine the volume of standing timber as at 30 June 2012. In arriving at the estimated fair values, the Directors have used market knowledge, professional judgment and historic data.

The volume of standing timber at 30 June 2012 amounts to 3,762,495 m3 (2011; 3,294,502 m3).

The table below presents the sensitivity on profit/(loss) before tax due to change in assumptions. The sensitivities presented are a favourable movement, if the sensitivity variables are unfavourable, the negative impact on profit would be of a similar magnitude:

Effect of 5% increase on the current mean annual increment:

Increase in volume (cubic meters)	188 125
Increase in profit before tax (US$)	4 889 732

The following assumptions were made in valuation of biological assets:

- Selected enumerated compartments were deemed representative of the average yields used in the valuation for the rest of the plantation
- Mean Annual Increament (MAI) derived from enumerated compartments although lower than industrial averages was deemed reasonable and reflective of the current silviculture practices.
- Biomass for young trees (Pine less than 6 years and Euc less than 4 years) is negligible and cannot easily be quantifiable, therefore input costs have been used.
- Current recovery rates are reasonable and have been used to arrive at saleable output
- Prices used for valuation are market linked
- Yield volumes are dependent on species and age

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

7 INVENTORIES

	2012 US$	2011 US$
Raw materials	979 506	256 999
Work in progress	1 822 627	2 580 540
Finished goods	651 855	683 476
Consumables	1 033 027	1 059 545
	4 487 015	4 580 560

The amount of write-down of inventories recognised as an expense is US$497,438 (2011: US$396,614).

8 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets are carried at amortised cost and classified as loans and receivables.
All financial liabilities are carried at amortised cost and classified as other financial liabilities.

Assets per statement of financial position

Loans and receivables:

	2012 US$	2011 US$
Trade and other receivables (excluding prepayments)	4 772 032	3 601 423
Cash and cash equivalents	193 593	127 360
	4 965 625	3 728 783

Liabilities per statement of financial position

Other financial liabilities at amortised cost:

	2012 US$	2011 US$
Trade and other payables (excluding statutory liabilities)	4 059 613	2 535 481
Borrowings (excluding finance lease liabilities)	11 764 797	7 032 008
Finance lease liabilities	159 293	181 337
	15 983 703	9 748 826

9 TRADE AND OTHER RECEIVABLES

	2012 US$	2011 US$
Trade receivables	4 807 747	2 974 342
Less: allowance for impairment on trade receivables	(275 077)	(147 249)
Trade receivables - net	4 532 670	2 827 093
Prepayments	119 013	239 624
Loans to employees	95 067	120 148
Other receivables	144 295	654 182
	4 891 045	3 841 047
The fair values of trade and other receivables are as follows:		
Trade receivables from external parties	4 157 559	2 642 488
Trade receivables from related parties (note 17)	375 110	184 605
Total trade receivables	4 532 669	2 827 093
Prepayments	119 013	239 624
Loans to employees	95 067	120 148
Other receivables	144 295	654 182
	4 891 045	3 841 047

Trade receivables do not bear interest and are normally settled on 30 day terms for local sales and 90 days for export sales.

	2012 US$	2011 US$
Movement in the provision for impairment of trade receivables was as follows:		
At 1 July	147 249	145 607
Provision for receivables impairment	250 878	1 642
Receivables written off during the year as uncollectable	(123 050)	-
At 30 June	275 077	147 249

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

9 Trade And Other Receivables (continued)

Other receivables include non trade sundry debtors mainly transporters fuel issues and deposits

Loans to employees relate to housing, education, medical and are payable over varying periods not exceeding 12 months and carries interest at 17.5% p.a.

The analysis of net trade receivables is as follows:

	Total	"Neither past due nor impaired"	Past due but not impaired		
		0-30 days	31-60 days	61-90 days	>90 days
	US$	US$	US$	US$	US$
30 June 2012	4 532 669	1 865 399	1 315 520	739 934	611 815
30 June 2011	2 827 093	1 584 167	569 204	293 946	379 776

Past due but not impaired
These relate to a number of independent customers for whom there is no recent history of default.

Past due but impaired
The amount of the provision was US$275,077 (2011:US$ 147,249). The individually impaired receivables mainly relate to customers facing liquidity challenges and amounts in dispute. A portion of the receivables is expected to be recovered.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

The Group does not hold any collateral as security.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2012 US$	2011 US$
United States of America Dollar	3 628 234	2 334 487
South African Rand	645 057	550 376
Botswana Pula	617 754	956 184
	4 891 045	3 841 047
Credit quality of financial assets		
Counterparties with external credit rating		
A	753 699	1 138 868
B	1 490 672	1 024 723
C	43 047	21 045
	2 287 418	2 184 636
Counterparties without external credit rating		
Group 1	2 124 748	-
Group 2	267 203	1 586 776
Group 3	211 676	69 635
	2 603 627	1 656 411
Total Unimpaired trade receivables	4 891 045	3 841 047

A High credit quality. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

B Below investment grade but capacity for timely repayment exists. Present or prospective financial protection factors fluctuate according to industry conditions or company fortunes. Overall quality may move up or down frequently within this category.

C Adequate protection factors and considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles.

Group 1 - New customers/related parties (less than 6 months)
Group 2 - Existing customers/related parties (more than 6 months - with no defaults in the past)
Group 3 - Existing customers/related parties (more than 6 months - with some defaults in the past)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

10 CASH AND CASH EQUIVALENTS

	2012 Number	2011 Number
Cash and cash equivalents include the following for the purpose of the statement of cash flows:		
Cash and bank	193 593	127 360
Bank overdrafts (Note 14)	(1 676 239)	(2 240 330)
Cash and cash equivalents per statement of cash flows	(1 482 646)	(2 112 970)

11 SHARE CAPITAL

Authorised

	2012	2011
Ordinary shares of a nominal value of US$0,01 (after redenomination of share capital)	43 000 000	43 000 000

Issued and fully paid

	Number of shares	Ordinary shares US$	Total US$
Year ended 30 June 2012			
At the beginning of the year	42 942 487	429 425	429 425
At the end of the year	42 942 487	429 425	429 425
Year ended 31 June 2011			
At the beginning of the year	42 942 487	429 425	429 425
At the end of the year	42 942 487	429 425	429 425

The unissued shares are under the control of the Directors who may issue them on such terms and conditions as they see fit subject to the limitation of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Regulations. The period of this authority is unlimited.

12 NON DISTRIBUTABLE RESERVES

	2012 US$	2011 US$
Balance at 1 July	90 455 727	90 885 152
Redenomination on share capital	-	(429 425)
Balance as at 30 June	90 455 727	90 455 727

The non-distributable reserve arose on restatement on change of functional currency.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

13 BORROWINGS

	2012 US$	2011 US$
Non-current		
Bank loans		
Bank loans FBC Bank Limited capital expenditure facility	422 054	1 100 979
Current		
Bank loans		
FBC Bank Limited	485 000	-
FBC Bank Limited	185 000	-
FBC Bank Limited	1 000 000	-
NMB Bank Limited	381 445	-
Infrastructure Development Bank of Zimbabwe	750 000	-
Infrastructure Development Bank of Zimbabwe	300 000	-
Infrastructure Development Bank of Zimbabwe	300 000	-
MBCA Bank	2 000 000	-
FBC Bank Limited	927 946	3 111 838
FBC Bank Limited	1 500 000	-
NMB Bank Limited	1 550 000	253 886
NMB Bank Limited	54 616	-
Bank overdraft facilities		
Stanbic Bank	1 469 774	1 514 803
FBC Bank Limited	112 286	725 527
NMB Bank Limited	71 698	-
BancABC Limited	22 482	-
Finance lease liability		
Loinette Finance Company	159 293	181 337
Related party loans		
Forrester Estates (Private) Limited	232 496	324 975
	11 502 036	6 112 366
Total borrowings	11 924 090	7 213 345

- The non-current bank loan is payable in May 2014 and bear average interest rate of 12.3% per annum. The loan is unsecured.
- The current bank loans have maturity periods ranging from 30 to 91 days and bear average interest rates ranging from 11% to 22%. The loans are unsecured.
- Bank overdraft facilities are unsecured and bear average interest rates ranging from 12% to 15%.
- The finance lease liability is effectively secured as the rights to the leased asset revert to the lessor in the event of a default. The average interest rate is 13% per annum.
- The related party loan is unsecured, has no fixed repayment period and has an interest rate of 20% per annum

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

13 Borrowings (continued)

Finance Leases
The Group leases mobile production equipment from Loinette Company Leasing Limited, based in Tortola, British Virgin Islands under the following terms and conditions:
Lease period of 12 months and lease cost of 13.5%

Rights to the leased asset pass on to the lessee upon fulfillment of the terms and conditions of the lease. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Gross finance lease liability – minimum lease payments	2012 US$	2011 US$
Gross finance lease liability – minimum lease payments:		
Not later than 1 year	181 337	210 471
Later than 1 year and no later than 5 years	-	-
Later than 5 years	-	-
Future finance charges on finance leases	(22 044)	(29 134)
	159 293	181 337
Present value of finance lease liabilities is as follows:		
Not later than 1 year	159293	181337
Later than 1 year and no later than 5 years	-	-
Later than 5 years	-	-
	159 293	181 337

Borrowing powers
The Articles of Association provide that the Group may from time to time, at the discretion of the Directors, borrow, raise or source borrowings up to half the value of the shareholders equity as reflected in the Statement of Financial Position of the Annual Report. This limit may only be exceeded with the sanction of an ordinary resolution of the Company.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

14 DEFERRED INCOME TAX

	2012 US$	2011 US$
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax assets		
- Deferred tax assets to be recovered after more than 12 months	1 544 209	796 359
- Deferred tax assets to be recovered within 12 months	201 593	45 406
	1 745 802	841 765
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than 12 months	33 343 545	31 490 924
- Deferred tax liabilities to be recovered within 12 months	25 982	68 178
	33 369 527	31 559 102
Deferred tax liability (net)	31 623 725	30 717 337
The gross movement on the deferred tax account is as follows:		
At 1 July	30 717 337	29 085 475
Charge to statement of comprehensive income (Note 22)	906 388	1 631 862
Current year charge to income statement	31 623 725	30 717 337
Charged to other comprehensive income		-
At 30 June	31 623 725	30 717 337
The deferred income tax account comprises the following:		
Accelerated depreciation for tax purposes	8 161 428	8 204 619
Biological assets	25 182 117	23 286 305
Prepayments	25 983	61 703
Unrealised exchange gains	(5 496)	6 475
Unrealised profit in inventory	(196 097)	(45 406)
Assessed tax losses	(1 544 209)	(796 359)
	31 623 725	30 717 337
The deferred income tax charge to the income statement comprises of the following:		
Accelerated depreciation for tax purposes	(43 192)	(198 167)
Biological assets	1 895 812	1 958 007
Prepayments	(35 720)	18 224
Unrealised exchange gains	(11 971)	2 375
Unrealised profit in inventory	(150 691)	(31 454)
Assessed tax losses	(747 850)	(117 125)
	906 388	1 631 862

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group recognised deferred income tax assets of US$1,544,209 (2011: US$796,359) in respect of tax losses amounting to US$5,996,929 (2011:$3,092,656). Deferred tax asset from subsidiaries has not been recognised as it is not certain that related tax benefits will be realised through future tax profits.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

15 TRADE AND OTHER PAYABLES

	2012 US$	2011 US$
Trade payables	2 161 900	1 995 168
Accruals	1 380 031	517 389
Payable to related parties (note 19)	517 682	22 924
Statutory liabilities	576 706	166 320
	4 636 319	2 701 801

Trade payables are unsecured, non-interest bearing and are generally settled within 30 days. Other payables are unsecured, non- interest bearing and have an average term of 60 days.

Statutory liabilities comprise statutory levies US$170,725 (2011: US$75,107), employee income tax US$41,744 (2011: US$48,229), employee statutory pensions US$333,132 (2011: $42,984) and VAT payable of US$31,105 (2011: nil)

16 PROVISIONS

At 1 July	301 581	156 348
Additional provision	295 263	225 157
Amounts utilized	(321 638)	(79 924)
At 30 June	275 206	301 581

The provision consists of an annual bonus and a performance based bonus. Performance based bonus is paid as and when the monthly set targets are met whilst the annual bonus is expected to be paid in December 2011 as a 13th cheque.

17 RELATED PARTY DISCLOSURES

The Group's parent is Radar Holdings Limited which owns 51% of the company's shares. The Group trades with various fellow subsidiary companies. These transactions are conducted on an arm's length basis. In addition, the Group participates in financial transactions involving the holding company and fellow subsidiaries. The consolidated financial statements include the financial statements of Border Timbers Limited and the following subsidiary companies.

Name	Country of incorporation	Activities	Percentage Equity Interest 2012	2011
Border Timbers International (Private) Limited	Zimbabwe	Manufacturing	100%	100%
Hangani Development Company (Private)	Zimbabwe	Dormant	100%	100%

a) Transactions	**Nature of Relationship**	2012 US$	2011 US$
i) Sales			
- Radar Investments (Private) Limited	Fellow subsidiary	5 100	
- MacDonald Bricks	Fellow subsidiary	67 104	-
- United Builders Merchants	Common management	1 233 150	1 076 937
		1 305 354	1 076 937

Goods are sold based on the price lists in force and terms that would be available to third parties. Sales of services are negotiated with related parties on a cost-plus basis, allowing a margin ranging from 15% to 30% (2011: 15% to 30%).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

17 RELATED PARTY DISCLOSURES (continued)

	Nature of Relationship	2012 US$	2011 US$
ii) Purchases			
- Radar Investments (Private) Limited	Fellow subsidiary	-	
- United Builders Merchants	Common management	167 086	295 715
		167 086	295 715
Goods and services are bought on normal commercial terms and conditions.			
iii) Management fees paid			
- Radar Investments (Private) Limited	Fellow subsidiary	520 828	392 576
The management fees are paid to Radar Investments for administration and corporate services			
iv) Interest charged			
- Forrester Estates (Private) Limited	Common shareholding	46 499	39 983
The interest has been accrued but not yet paid			
b) Year end balances			
Receivables from related parties			
- Radar Investments (Private) Limited	Fellow subsidiary	26 283	24 715
- MacDonald Bricks	Fellow subsidiary	-	34 874
- United Builders Merchants	Common Management	347 927	124 117
- Beit Bridge Juices (Private) Limited	Common shareholding	899	899
		375 109	184 605
Payables to related parties			
- Radar Investments (Private) Limited	Fellow subsidiary	219 791	-
- MacDonald Bricks	Fellow subsidiary	182 564	639
- United Builders Merchants	Common Management	17 295	22 285
- Timberbay Services (Private) Limited	Related Directorship	98 031	-
		517 681	22 924

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. US$15,250 (2011: nil). was provided against receivables from related parties. The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

	Nature of Relationship	2012 US$	2011 US$
c) Loans from related parties			
- Forrester Estates (Private) Limited	Common shareholding	232 496	324 975

The shareholder's loan attracts interest of 20% per annum and is payable on demand. For the year ended 30 June 2012, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

	Nature of Relationship	2012 US$	2011 US$
d) Guarantees from related parties			
-Radar Investments (Private) Limited	Common shareholding	3 356 061	-

The guarantee is in respect of bank loans.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

17 RELATED PARTY DISCLOSURES (continued)

	2012 US$	2011 US$
e) Key management personnel remuneration		
- Salaries and other short term employee benefits	232 449	265 793
- Pension contributions	-	8 824
	232 449	274 617

Key management includes directors (executive and non executive)

18 OTHER OPERATING INCOME AND EXPENSES

18.1 Other operating expenses

	2012 US$	2011 US$
Loss on disposal of property, plant and equipment	245 116	5 023
Exchange losses	319 124	7 849
	564 240	12 872

18.2 Other operating income

	2012 US$	2011 US$
Proceed from insurance claim	175 000	250 000
Sundry income	160 479	127 933
	335 479	377 933

Insurance proceeds are in respect of pole plant fire claim.

19 EXPENSES BY NATURE

	2012 US$	2011 US$
Raw material and consumables used	2 990 200	1 739 577
Depreciation charge (note 5)	2 042 228	1 763 862
Employee benefit expense (note 20)	9 343 870	6 101 836
Haulage	2 704 822	2 094 636
Repairs and maintenance - motor vehicles	3 537 891	3 243 774
Repairs and maintenance - plant/buildings	3 240 625	2 604 379
Sub contract services	1 666 934	875 301
Consultancy	199 572	598 344
Electricity	1 352 578	787 454
Auditors remuneration		
- current year audit services	39 367	64 000
- prior year audit services	28 000	90 987
- current year non-audit services	-	7 047
Plantation damage/redemption (note 6)	6 807 397	5 337 691
Provision for doubtful debts (note 9)	127 828	1 642
Impairment :		
- impairment of property, plant and equipment (note 6)	8 844	193 322
- inventory (note 5)	497 438	396 614
Protective clothing	210 770	151 222
Security	177 379	51 212
Foreign and local travel	243 660	145 666
Telephone costs	161 706	89 555
Management fees (note 17)	520 828	392 576
Contract cancellation fees	175 176	-
Insurance	172 044	121 421
Subscription	154 161	126 139
Repairs and maintenance- office equipment	102 689	15 265
Printing and stationary	115 594	4 552
Bank charges	249 555	174 210
Utilities	91 008	56 661
Other expenses	311 415	215 586
	37 273 579	27 444 531
Capitalisation of forestry costs (note 6)	(4 099 352)	(1 968 596)
Total cost of sales, administrative and distribution and selling costs	33 174 227	25 475 935

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

20 EMPLOYEE BENEFIT EXPENSES

	2012 US$	2011 US$
Wages and salaries	7 748 049	4 895 016
Pension fund contribution (note 24)	316 577	330 762
Social security costs (note 24)	115 024	256 971
Staff welfare costs	931 771	344 470
	9 111 421	5 827 219
Directors remuneration:		
Salaries and other short term employee benefits	232 449	265 793
Pension contributions	-	8 824
	9 343 870	6 101 836

	2012 Number of employees	2011 Number of employees
Manning levels at 30 June		
Permanent	1 570	1 404
Contract	1 223	1 608
Total	2 793	3 012

21 FINANCE INCOME AND COSTS

	2012 US$	2011 US$
Finance costs		
Interest paid:		
-Bank loans	1 831 624	1 064 328
-Finance lease liability	22 044	28 727
-Related party borrowings	46 499	39 983
	1 900 167	1 133 038
Finance income		
- Interest income on short-term bank deposits	2 633	3 405

22 TAXATION

	2012 US$	2011 US$
Deferred income tax charge	906 388	1 631 862
Tax reconciliation:		
Profit before taxation	2 733 363	6 662 832
- Taxation at normal rate	703 842	1 715 679
- Non-deductible/(taxable) expenses	202 546	(83 817)
- Adjustment to deferred tax liability resulting from change in tax rate	-	-
Tax charge	906 388	1 631 862

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

23 EARNINGS PER SHARE

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average

	2012 US$	2011 US$
Weighted average number of ordinary shares	42 942 487	42 942 487
Profit attributable to equity holders (US$)	1 826 977	5 030 970
Basic earnings per share (cents)	4.25	11.72

24 PENSION FUNDS

24.1 The Radar Group Pension Fund

The fund is a defined contribution scheme and is not subject to actuarial valuation. Employer/employee contributions are 10% and 5% respectively.

24.2 National Social Security Authority Scheme (NSSA)

This scheme was promulgated under the National Social Security Act (Chapter 17:04) of 1989. Employer/employee contributions under the scheme are limited to specific contributions as legislated from time to time and which at 30 June 2012 were 3% of pensionable emoluments.

	2012 US$	2011 US$
Contributions recognized in the income statement:		
Radar Group pension fund	316 577	330 762
National social security fund	115 024	256 971
Total	431 601	587 733

25 RISK MANAGEMENT, OBJECTIVES AND POLICIES

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk.), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by the Group finance department under policies approved by the operating board. The Group finance department identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The operating board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

25 RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables and cash and short term deposits that arise directly from its operations.

The Group's senior management oversees the management of risks. The Group's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Group. The Board of Directors meets regularly to analyse the Group's risk-taking activities and ensures that they are governed by appropriate policies. The policies for each of these risks are summarized below.

Board Meetings

The Board executive meets regularly to consider and to adopt effective strategies to manage the following risks:

- exposure to exchange rate fluctuations;
- borrowing facilities in the form of bank overdrafts and acceptance credits which are negotiated with approved and registered financial institutions and third parties, at acceptable interest rates;
- investment of surplus funds in the form of treasury bills, bank acceptances and money at call which are placed with approved registered financial institutions and building societies at favourable rates on a short-term basis;
- credit risk in the form of trade receivables that consist of a large customer base.
- Specific provisions for doubtful debts are regularly adjusted. Where appropriate, credit guarantee insurance is purchased;
- Insurance of group assets with the exception of plantations, which are not insured.

25.1 Market risk

(i) Interest rate risk management

The Group's exposure to the risk of changes in market rates relates primarily to the Group's short term debt obligations with a fixed interest rate. Management monitors the Group's debt and makes efforts to reduce the interest rate exposure.

At 30 June 2012, if the interest rate had been 3 percentage points higher with all other variables held constant, profit before tax would have been US$109,560 (2011:US$47,033) lower and current liabilities would have been US$109,560 (2011:US$47,033) higher due to the increased interest obligations. Similarly at 30 June 2012, if the interest rates had been 3 percentage points lower with all other variables held constant, profit before tax would have been US$109,560 (2011:US$47,033) higher and current liabilities would have been US$109,560 (2011:US$47,033) lower due to reduced interest obligations.

(ii) Foreign Currency Exposure Management

The Group has transactional currency exposures. Such exposure arises from the sales or purchases or borrowings by an operating unit in currencies other than the Group's functional currency. Management monitors exposure to exchange rate fluctuations on an ongoing basis. With all other variables held constant, the Group's profit before tax, current liabilities and current assets are affected through the impact of the fluctuating foreign exchange rates as follows: At 30 June 2012, if the foreign currency exchange rates had been 5% higher with all other variables held constant, profit before tax would have been US$11,975 lower (2011: US$ 30,883 lower), current liabilities would have been US$12,349 (2011: US$ 9,164) higher and current assets would have been US$373 higher (2011: US$ 21,719 higher). Similarly at 30 June 2012,if the foreign currency exchange rates had been 5% lower with all other variables held constant, profit before tax would have been US$15,202 higher (2011: US$29,728 lower), current liabilities would have been US$12,406 lower (2011: US$9,804 higher) and current assets would have been US$2,796 '(2011: US$19,924) higher.

25.2 Credit Risk Management

Credit risk is managed on group basis. The Group's finance department is responsible for managing and analysing the credit risk for each of the new and existing clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from credit exposures to customers, including outstanding receivables and committed transactions as well as cash and cash equivalents.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Trade receivables

The Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to impairment is not significant. The maximum exposure is the carrying amount of trade receivables.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard performed by an external credit rating organisation. Outstanding customer receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

Cash and cash equivalents

The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument. Only reputable financial institutions are used for investing and cash handling purposes.

25.3 Liquidity Risk Management

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Cash flow forecasting is performed by Group's finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

The table below analyses the group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows

At 30 June 2012	Less than 3 months US$	Between 3 months and 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Total US$
Borrowings (exc finance lease liability)	5 375 180	5 967 562	422 054	-	-	11 764 796
Finance lease liability	138 265	21 028	-	-	-	159 293
Trade and other payables	4 636 319	-	-	-	-	4 636 319
At 30 June 2011						
Borrowings (exc finance lease liability)	2 565 305	3 365 724	678 925	422 054	-	7 032 008
Finance lease liability	123 134	58 203	-	-	-	181 337
Trade and other payables	2 701 801	-	-	-	-	2 701 801

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

25 RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

25.4 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The objective of the Group's capital management is also to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 30 June 2012.

The Group monitors its capital ratio using a gearing ratio which is net debt divided by total capital plus net debt. The Group includes within its net debts, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations; capital includes equity attributable to the equity holders of the parent.

	2012 US$	2011 US$
The gearing ratios at 30 June were as follows:		
Interest bearing loans and borrowings	11 924 089	7 213 345
Less cash and short term deposits	(193 593)	(127 360)
Net debt	11 730 496	7 085 985
Equity	106 765 500	104 914 396
Gearing ratio	11%	7%

The Group's strategy is to maintain equity to total assets ratio at not less than 50%.

25.5 Risk Management – Agricultural Activities

The group is exposed to risks arising from plantation fires, environmental and climatic changes, commodity prices and financing risks.

As a leading member of the Timber Producers Federation (TPF), the Group complies with the TPF Fire Policy, and actively participates in TPF District Fire Committees. District Fire Committees include Traditional Leaders and Local Authorities, Zimbabwe Republic Police (ZRP), Environmental Management Agency (EMA), Forestry Commission and landowners within each District.

The risk to the Group's plantation area from uncontrolled fires is increased because of the presence of illegal settlers on four of the company's five estates. Each estate annually produces a Fire Plan identifying risk levels for each compartment and responses to mitigate such risk as far as is practical, and identifying fire-control teams, equipment and infrastructure, fire responses and call out procedures. Fire- awareness campaigns are carried out in conjunction with the District Fire Committees. Areas are selected for pre-season fuel-reduction burns. Teams are trained at Basic Fire-fighter and Fire Boss level and refresher drills are carried out weekly during the Fire Season. All estates are covered day and night throughout the year by manned Fire Towers and a radio network. Standby teams including specialised, dedicated Fire Tenders are on duty at all times during the Fire Season and procedures are in place to rapidly augment first-call teams with local back-up, then with additional units from other estates, should the need arise.

25.6 Risk Management – (Forest Fires)

All major fires are investigated with a view to improving response and effectiveness. Fires of unknown origin or resulting from illegal activities are reported to ZRP.

Over and above the fire risks, the Group is exposed to risks arising from climatic changes, disease and other natural risks such as flooding and storms and human-induced losses arising from strikes, civil commotion and malicious damage. Management is in constant liason with the community and local authorities in an effort to manage the exposure.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of all financial instruments approximate the carrying amounts shown in the statement of financial position due to the short term nature of these instruments. Receivables were tested for impairment and adjusted for accordingly.

The fair value of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in a current transaction of willing parties, other than a forced or liquidation sale.

27 ASSET INSURANCE

Assets are insured on a reinstatement basis. The sums insured are subject to regular review by the Group and its brokers. Plantations are not insured as cover is not available.

28 LAND DESIGNATION

During previous financial years, the Zimbabwe Government de-listed all land previously listed for compulsory acquisition. In 2005 the Constitution of Zimbabwe Amendment (No17) was enacted into Zimbabwe law by the Parliament of Zimbabwe to confirm acquisition of land for resettlement purposes which took place pursuant of the Land Reform Program beginning 2000 and to provide for the acquisition in future of agricultural land for resettlement and other purposes.

The constitutional provision states that:

- All land that has been identified in the Government Gazette between 2 June and 8 July 2005 or identified after that date by the Government, as being Agricultural land required for resettlement purposes is acquired by the state and is vested in the state with full title therein.
- No compensation shall be payable to such land except for any improvements on the land
- The acquisition of such land may not be challenged by the courts except to the extent of amounts payable for improvements.

It should however be noted that both the land and operating assets of the Group are protected through a bilateral investment agreement between Zimbabwe and Germany, and are therefore not considered to be impaired.

29 CAPITAL COMMITMENTS

	2012 US$	2011 US$
Capital expenditure approved as at 30 June:		
Contracted		
Not contracted:		
Property, plant and equipment	1 846 403	4 264 685
Plantation establishment	3 071 935	2 959 012
	4 918 338	7 223 697

All commitments are to be funded from Group resources and borrowings.

30 EVENTS AFTER THE REPORTING PERIOD

There were no abnormal events after the reporting period

Company Statement of Financial Position

As at 30 June 2012

ASSETS	Notes	2012 US$	2011 US$
Non-current assets			
Property, plant and equipment	1	47 858 556	46 867 238
Biological assets	2	97 794 631	90 432 254
		145 653 187	137 299 492
Current assets			
Inventories	3	3 616 313	3 800 460
Trade and other receivables	5	7 729 197	5 496 828
Cash and cash equivalents	6	181 272	71 260
		11 526 782	9 368 548
TOTAL ASSETS		157 179 969	146 668 040
EQUITY AND LIABILITIES			
Equity			
Share capital	7	429 425	429 425
Non distributable reserves	8	90 455 727	90 455 727
Revaluation reserve		2 295 909	2 365 481
Retained earnings		15 818 638	12 635 098
Total equity		108 999 699	105 885 731
LIABILITIES			
Non – current liabilities			
Borrowings	9	422 054	1 100 979
Deferred income tax liability	10	31 819 823	30 762 745
		32 241 877	31 863 724
Current liabilities			
Trade and other payables	11	4 178 223	2 538 186
Provisions	12	258 134	268 033
Borrowings	9	11 502 036	6 112 366
		15 938 393	8 918 585
TOTAL EQUITY AND LIABILITIES		157 179 969	146 668 040

KRR SCHOFIELD
CHAIRMAN

S DUBE
FINANCE DIRECTOR

Company Statement of Comprehensive Income

For the year ended 30 June 2012

	Notes	2012 US$	2011 US$
REVENUE		27 177 905	21 006 256
Cost of sales	15	(25 563 861)	(18 394 038)
GROSS PROFIT		1 614 044	2 612 218
Fair value gains on biological assets	2	10 070 422	10 973 007
Other operating income	14	536 347	371 609
Distribution and selling expenses	15	(2 316 402)	(1 578 993)
Administration expenses	15	(3 522 485)	(4 339 873)
Other operating expenses	14	(492 350)	(12 872)
OPERATING PROFIT BEFORE INTEREST AND TAXATION		5 889 576	8 025 096
Finance income	17	148 005	99 798
Finance costs	17	(1 890 663)	(1 094 834)
PROFIT BEFORE TAXATION		4 146 918	7 030 060
Income tax expense	18	(1 057 078)	(1 663 315)
PROFIT FOR THE YEAR		3 089 840	5 366 745
Other comprehensive income:			
Deferred tax on revaluation reserve transfer to retained earnings		24 128	-
Total comprehensive income for the year		3 113 968	5 366 745

Company Statement of Changes in Equity

For the year ended 30 June 2012

	Share capital US$	Non Distributable reserve US$	Revaluation reserve US$	Retained earnings US$	Total US$
Year ended 30 June 2011					
Balance at 1 July 2010	-	90 885 152	2 365 481	7 268 354	100 518 987
Comprehensive income					
Profit for the year	-	-	-	5 366 745	5 366 745
Transactions with owners					
Re-denomination of shares	429 425	(429 425)	-	-	-
Balance at 30 June 2011	429 425	90 455 727	2 365 481	12 635 098	105 885 731
Year ended 30 June 2012					
Balance at 1 July 2011	429 425	90 455 727	2 365 481	12 635 098	105 885 731
Comprehensive income					
Profit for the year		-	-	3 089 840	3 089 840
Other comprehensive income					
Transfer from revaluation reserve of disposed assets	-	-	(93 700)	93 700	-
Deferred tax on revaluation reserve transfer to retained earnings	-	-	24 128	-	24 128
Total comprehensive (loss)/ income for the year	-	-	(69 572)	3 183 540	3 113 968
Balance at 30 June 2012	429 425	90 455 727	2 295 909	15 818 638	108 999 699

Company Statement of Cash Flows

As at 30 June 2012

	Notes	2012 US$	2011 US$
Cash flow from Operating activities			
Profit before interest and tax		5 889 576	8 025 096
Adjustment for non-cash items:			
- Depreciation	1	2 042 228	1 763 862
- Fair value gain in biological assets	2	(10 070 422)	(10 973 007)
- Plantation redemption	2	6 807 397	5 337 691
- Profit on disposal of property, plant & equipment	14	245 116	5 023
- Impairment charge	1	8 844	193 322
		(966 837)	(3 673 109)
Movement in working capital:			
- inventories		184 144	(36 888)
- Trade and other receivables		(2 232 369)	(1 389 180)
- Trade and other payables		1 128 271	533 086
- Related party balances		501 868	(1 069 268)
Net cash generated from operating activities		4 504 651	2 389 737
Cash flow from investing activities			
Purchase of property, plant & equipment	1	(3 315 175)	(2 108 950)
Expenditure on plantations	2	(4 099 352)	(1 968 596)
Proceeds on disposal of property, plant equipment		51 801	3 000
Interest received	17	148 005	99 798
Net cash used in investing activities		(7 214 721)	(3 974 747)
Cash flow from financing activities			
Proceeds from borrowings		45 044 624	10 297 245
Repayments of borrowings		(39 769 789)	(6 881 213)
Interest costs	17	(1 890 663)	(1 094 834)
Net cash generated from financing activities		3 384 172	2 321 198
NET INCREASE IN CASH AND CASH EQUIVALENTS		674 102	736 188
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(2 169 070)	(2 905 258)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	(1 494 968)	(2 169 070)

Notes to the Company Financial Statements

For the year ended 30 June 2012

1 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$	Motor vehicles and tractors US$	Furniture and fittings US$	Plant and machinery US$	Capital work-in progress US$	Total US$
Year ended 30 June 2011						
Opening net book amount	35 060 392	5 211 861	109 009	6 158 003	184 232	46 723 497
Additions		1 191 564	3 813	430 865	482 707	2 108 949
Disposals	-	(8 024)	-	-	-	(8 024)
Transfer in/ (out)	-	500	-	64 765	(65 265)	-
Impairment charge		(174 533)	-	(18 789)	-	(193 322)
Depreciation charge	(644 095)	(424 680)	(28 820)	(666 267)	-	(1 763 862)
Closing net book amount	34 416 297	5 796 688	84 002	5 968 577	601 674	46 867 238
At 30 June 2011						
Cost or valuation	35 850 653	6 685 612	149 004	7 289 540	601 675	50 576 484
Accumulated depreciation	(1 434 356)	(888 924)	(65 002)	(1 320 964)	-	(3 709 246)
Net book amount	34 416 297	5 796 688	84 002	5 968 576	601 675	46 867 238
Year ended 30 June 2012						
Opening net book amount	34 416 297	5 796 688	84 002	5 968 576	601 675	46 867 238
Additions	94 640	1 972 609	36 294	799 813	411 819	3 315 175
Transfer in /(out)	-	496 670	329 748	25 046	(851 464)	-
Impairment charge	-	(8 844)	-	-	-	(8 844)
Disposals	-	(272 785)	-	-	-	(272 785)
Depreciation charge	(515 633)	(758 057)	(113 588)	(654 950)	-	(2 042 228)
Closing net book amount	33 995 304	7 226 281	336 456	6 138 485	162 030	47 858 556
At 30 June 2012						
Cost or valuation	35 945 293	8 833 507	515 046	8 114 399	162 030	53 570 275
Accumulated depreciation	(1 949 989)	(1 607 226)	(178 590)	(1 975 914)	-	(5 711 719)
Net book amount	33 995 304	7 226 281	336 456	6 138 485	162 030	47 858 556

The Group's property, plant and equipment were last valued on 30 June 2010 by independent valuers. For the year ended 30 June 2012, physical inspection of property, plant and equipment was carried out by the engineering department with the assistance of divisional management to assess the condition of property, plant and equipment. It is the belief of management that all assets given in the asset register have been carried at values greater than their recoverable amounts.

Depreciation expense of US$ 1,573,430 (2011: US$ 1,402,418) has been charged in 'cost of sales ' and US$468,798 (2011:US$361,444) has been charged in 'administrative expenses'.

If land and buildings were stated on historical cost basis, the amounts would be as follows:

	2012 US$	2011 US$
Cost	50 391 169	47 397 378
Accumulated depreciation	(5 518 862)	(3 612 817)
	44 872 307	43 784 561

1.1 Encumbered Assets

There are no encumbered assets.

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

2 BIOLOGICAL ASSETS	2012 US$	2011 US$
At 1 July	90 432 254	82 828 342
Expenditure for the year	4 099 352	1 968 596
Fair value gain	10 070 422	10 973 007
	104 602 028	95 769 945
Deduct:	(6 807 397)	(5 337 691)
Destroyed by fire / cyclone	(2 738 014)	(601 677)
Felled timber	(4 069 383)	(4 736 014)
At 30 June	97 794 631	90 432 254

Comprising of standing timber at fair value less costs to sell	2012 Hectares	2012 US$	2011 Hectares	2011 US$
Age				
1- 6 years	7 047	3 246 405	6 804	1 740 159
7-12 years	4 209	9 796 971	4 675	9 847 427
13-18 years	6 386	45 478 831	6 952	39 452 620
19-24 year	3 121	26 372 880	3 043	26 028 032
25-30 years	358	3 467 349	401	4 616 101
Over 30 years	605	9 432 195	845	8 747 915
	21 726	97 794 631	22 720	90 432 254

Valuation of plantations

A director's valuation was carried out as at 30th June 2012. All plantings below six years are stated at development cost for pine and 4 years for eucalyptus. The valuation of plantations greater than these ages was based on an estimated total standing timber volume to which was applied a fair value price for the standing timber, based on markert prices.

The growth in biological asset is linked to the Mean Annual Increament (MAI) for each species and age class. MAI is highly dependent on silvicultural practices and at regular intervals the actual standing timber volume for each compartment is verified through enumerations as determined by the Group's forestry and planning department. To assess the level of current yields against standards, MAI is then derived from the enumerated yields. A combination of the MAI model and actual volumes of standing timber where enumeration were carried out in the current year, was used to determine the volume of standing timber as at 30 June 2012. In arriving at the estimated fair values, the Directors have used market knowledge, professional judgment and historic data.

The volume of standing timber at 30 June 2012 amounts to 3,762,495 m3 (2011; 3,294,502 m3).

The table below presents the sensitivity on profit/(loss) before tax due to change in assumptions. The sensitivities presented are a favourable movement, if the sensitivity variables are unfavourable, the negative impact on profit would be of a similar magnitude:

Effect of 5% increase on the current mean annual increment:

Increase in volume (cubic meters)	188 125
Increase in profit before tax (US$)	4 889 732

The following assumptions were made in valuation of biological assets:

- Selected enumerated compartments were deemed representative of the average yields used in the valuation for the rest of the plantation
- Mean Annual Increament (MAI) derived from enumerated compartments although lower than industrial averages was deemed reasonable and reflective of the current silviculture practices.
- Biomass for young trees (Pine less than 6 years and Euc less than 4 years) is negligible and cannot easily be quantifiable, therefore input costs have been used.
- Current recovery rates are reasonable and have been used to arrive at saleable output
- Prices used for valuation are market linked
- Yield volumes are dependent on species and age

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

3 INVENTORIES

	2012 US$	2011 US$
Raw Materials	809 326	-
Work In Progress	1 116 339	2,175,369
Finished Goods	874 645	632,862
Consumables	816 003	992,229
	3 616 313	3 800 460

The amount of write-down of inventories recognised as an expense is US$281,043; (2011 US$396,614)

4 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets are carried at amortised cost and classified as loans and receivables.
All financial liabilities are carried at amortised cost and classified as other financial liabilities.

	2012 US$	2011 US$
Assets per statement of financial position		
Loans and receivables:		
Trade and other receivables (excluding prepayments)	7 628 293	5 257 204
Cash and cash equivalents	181 272	71 260
	7 809 565	5 328 464
Liabilities per statement of financial position		
Other financial liabilities at armotised cost:		
Trade and other payables (excluding statutory liabilities)	3 695 420	2 371 866
Borrowings (excluding finance lease liabilities)	11 764 797	7 032 008
Finance lease liabilities	159 293	181 337
	15 619 510	9 585 211

5 TRADE AND OTHER RECEIVABLES

	2012 US$	2011 US$
Trade receivables	3 494 749	2 331 520
Less: allowance for impairment on trade receivables	(250 388)	(120 436)
Trade receivables - net	3 244 361	2 211 084
Prepayments	100 904	239 624
Receivable from related parties (Note 13)	3 989 416	2 604 303
Other receivables	394 516	441 817
	7 729 197	5 496 828

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

	2012 US$	2011 US$
The fair values of trade and other receivables are as follows:		
Trade receivables	3 244 361	2 211 084
Prepayments	100 904	239 624
Receivable from related parties (Note 13)	3 989 415	2 604 303
Other receivables	394 517	441 817
	7 729 197	5 496 828

Trade receivables do not bear interest and are normally settled on 30 day terms for local sales and 90 days for export sales.

	2012 US$	2011 US$
Movement in the provision for impairment of trade receivables was as follows:		
At 1 July	120 436	120 794
Provision for receivables impairment	250 878	-
Receivables written off during the year as uncollectable	(120 926)	(358)
At 30 June	250 388	120 436

The analysis of net trade receivables is as follows:

	Total	Neither past due nor impaired"	Past due but not impaired		
		0-30 days	31-60 days	61-90 days	>90 days
	US$	US$	US$	US$	US$
30 June 2012	3 244 361	1 801 732	541 366	531 955	369 308
30 June 2011	2 211 084	1 123 394	531 490	202 543	353 657

Past due but not impaired

These relate to a number of independent customers for whom there is no recent history of default.

Past due but impaired

The amount of the provision was US$250,388 (2011:US$ 120,436). The individually impaired receivables mainly relate to customers facing liquidity challenges and amounts in dispute. A portion of the receivables is expected to be recovered.
The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.
The company does not hold any collateral as security.

	2012 US$	2011 US$
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:		
United States of America dollar	6 827 829	4 382 539
South African Rand	473 186	356 994
Botswana Pula	428 182	757 295
	7 729 197	5 496 828

Notes to the Company Financial Statements (Cont'd)
For the year ended 30 June 2012

6 CASH AND CASH EQUIVALENTS

	2012 US$	2011 US$
Cash and cash equivalents	181 272	71,260
Bank overdrafts (Note 9)	(1 676 240)	(2 240 330)
Cash and cash equivalents per statement of cash flows	(1 494 968)	(2 169 070)

7 SHARE CAPITAL

	2012 US$	2011 US$
Authorised		
Ordinary shares of a nominal value of US$0,01	43 000 000	43 000 000

Issued and fully paid :	Number of shares US$	Ordinary shares US$	Total US$
Year ended 30 June 2012			
At the beginning of the year	42 942 487	429 425	429 425
At the end of the year	42 942 487	429 425	429 425
Year ended 31 June 2011			
At the beginning of the year	42 942 487	429 425	429 425
At the end of the year	42 942 487	429 425	429 425

The unissued shares are under the control of the Directors who may issue them on such terms and conditions as they see fit subject to the limitation of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Regulations. The period of this authority is unlimited.

8 NON DISTRIBUTABLE RESERVES

	2012 US$	2011 US$
Balance at 1 July	90 455 727	90 885 152
Redenomination on share capital	-	(429 425)
Balance as at 30 June	90 455 727	90 455 727

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

9 BORROWINGS

	2012 US$	2011 US$
Non-current		
Bank loans		
Bank loans FBC Bank Limited capital expenditure facility	422 054	1 100 979
Current		
Bank loans		
FBC Bank Limited	485 000	-
FBC Bank Limited	185 000	-
FBC Bank Limited	1 000 000	-
NMB Bank Limited	381 445	-
Infrastructure Development Bank of Zimbabwe	750 000	-
Infrastructure Development Bank of Zimbabwe	300 000	-
Infrastructure Development Bank of Zimbabwe	300 000	-
MBCA Bank Limited	2 000 000	-
FBC Bank Limited	927 946	3 111 838
FBC Bank Limited	1 500 000	-
NMB Bank Limited	1 550 000	253 886
NMB Bank Limited	54 616	-
Bank overdraft facilities		
Stanbic Bank	1 469 774	1 514 803
FBC Bank Limited	112 286	725 527
NMB Bank Limited	71 698	-
BancABC Limited	22 482	-
Finance lease liability		
Loinette Finance Company	159 293	181 337
Related party loans		
Forrester Estates (Private) Limied	232 496	324 975
	11 502 036	6 112 366
Total borrowings	11 924 090	7 213 345

- The non-current bank loan is payable in May 2014 and bear average interest rate of 12.3% per annum. The loan is unsecured.
- The current bank loans have maturity periods ranging from 30 to 91 days and bear average interest rates ranging from 11% to 22%. The loans are unsecured.
- Bank overdraft facilities are unsecured and bear average interest rates ranging from 12% to 15%.
- The finance lease liability is effectively secured as the rights to the leased asset revert to the lessor in the event of a default. The average interest rate is 13% per annum.
- The related party loan is unsecured, has no fixed repayment period and has an interest rate of 20% per annum

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

Borrowings (continued)

Finance Leases

The Group leases mobile production equipment from Loinette Company Leasing Limited, based in Tortola, British Virgin Islands under the following terms and conditions:
Lease period of 12 months and lease cost of 13.5%

Rights to the leased asset pass on to the lessee upon fulfillment of the terms and conditions of the lease. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Gross finance lease liability – minimum lease payments	2012 US$	2011 US$
Gross finance lease liability – minimum lease payments:		
Not later than 1 year	181 337	210 471
Later than 1 year and no later than 5 years	-	-
Later than 5 years	-	-
Future finance charges on finance leases	(22 044)	(29 134)
	159 293	181 337
Present value of finance lease liabilities is as follows:		
Not later than 1 year	159 293	181 337
Later than 1 year and no later than 5 years	-	-
Later than 5 years	-	-
	159 293	181 337

Borrowing powers

The Articles of Association provide that the Compant may from time to time, at the discretion of the Directors, borrow, raise or source borrowings up to half the value of the shareholders equity as reflected in the Statement of Financial Position of the Annual Report. This limit may only be exceeded with the sanction of an ordinary resolution of the Company.

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

10 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:	2012 US$	2011 US$
Deferred tax assets		
- Deferred tax assets to be recovered after more than 12 months	1 544 209	796 359
- Deferred tax assets to be recovered within 12 months	5 496	-
	1 549 705	796 359
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than 12 months	33 343 545	31 490 926
- Deferred tax liabilities to be recovered within 12 months	25 983	68 178
Deferred tax liability (net)	31 819 823	30 762 745
The gross movement on the deferred tax account is as follows:		
At 1 July	30 762 745	29 099 427
Charge to income statement (Note 24)	1 057 078	1 663 318
At 30 June	31 819 823	30 762 745
The deferred income tax account comprise the following:		
Accelerated depreciation for tax purposes	8 161 428	8 204 619
Biological assets	25 182 117	23 286 305
Prepayments	25 983	61 703
Unrealised exchange gains	(5 496)	6 475
Unrealised profit in inventory	-	-
Assessed tax losses	(1 544 209)	(796 359)
	31 819 823	30 762 7435
The deferred income tax charge to the income statement comprised of the following:		
Accelerated depreciation for tax purposes	(43 192)	(198 167)
Biological assets	1 895 811	1 958 007
Prepayments	(35 720)	18 224
Unrealised exchange gains	(11 971)	2 376
Unrealised profit in inventory	-	-
Assessed tax losses	(747 850)	(117 125)
Revaluation	-	-
Reduction in tax rate	-	-
	1 057 078	1 663 315

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company recognised deferred income tax assets of US$1,544,209; (2011 US$796,359) in respect of tax losses amounting to US$5,996,929; (2011 US$3,092,656). Deferred tax asset from subsidiaries has not been recognised as it is not certain that related tax benefits will be realised through future tax profits.

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

11 TRADE AND OTHER PAYABLES

	2012 US$	2011 US$
Trade payables	2 076 788	1 955 762
Accruals	1 105 245	400 290
Payable to related parties (note 13)	517 682	15 814
Statutory liabilities	478 508	166 320
	4 178 223	2 538 186

Trade payables are unsecured, non-interest bearing and are generally settled within 30 days. Other payables are unsecured, non- interest bearing and have an average term of 60 days.

Statutory liabilities comprise statutory levies US$103,632 (2011: US$75,107), employee income tax US$41,744 (2011: US$48,229) and employee statutory pensions US$ 333,132 (2011: US$ 42,984).

12 PROVISIONS

	2012 US$	2011 US$
Analysis of provisions:		
At 1 July	268 033	133 594
Additional provision	290 265	189 477
Amounts utilized	(300,164)	(55 038)
At 30 June	258 134	268 033

The provision consists of an annual bonus and a performance based bonus. Performance based bonus is paid as and when the monthly set targets are met whilst the annual bonus is expected to be paid in December 2012

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

13 RELATED PARTY DISCLOSURES

The Company's parent is Radar Holdings Limited which owns 51% of the company's shares. The Company trades with various fellow subsidiary companies. These transactions are conducted on an arm's length basis. In addition, the Company participates in financial transactions involving the holding company and fellow subsidiaries. The consolidated financial statements include the financial statements of Border Timbers Limited and the following subsidiary companies

Name	Country of Incorporation	Activities	Percentage Equity Interest 2012	2011
Border Timbers International (Private) Limited	Zimbabwe	Manufacturing	100%	100%
Hangani Development Company (Private)	Zimbabwe	Dormant	100%	100%

		2012 US$	2011 US$
a) Transactions	**Nature of Relationship**		
i) Sales			
- United Builders Merchants	Commom management	870 975	1 076 937
ii) Purchases			
- United Builders Merchants	Common Management	167 086	295 715
iii) Management fees paid			
- Radar Investments (Private) Limited	Fellow subsidiary	520 828	392 576
iv) Professional fees paid			
- Radar Investments (Private) Limited	Fellow subsidiary		
v) Interest paid			
- Forrester Estates (Private) Limited	Common shareholding	46 499	39 983
b) Year end balances			
Receivables from related parties			
- Radar Investments (Private) Limited	Fellow subsidiary	26 283	24 715
- Border Timbers International	Subsidiary	3 614 306	2 470 297
- MacDonald Bricks	Fellow subsidiary	-	34 874
- United Builders Merchants	Common management	347 927	73 518
- Beit Bridge Juices (Private) Limited	Common shareholding	899	899
		3 989 416	2 604 303
Payables to related parties			
- Radar Investments (Private) Limited	Fellow subsidiary	219 791	-
- MacDonald Bricks	Fellow subsidiary	182 564	639
- United Builders Merchants	Common management	17 295	15 175
- Timberbay Services (Private) Limited	Related directorship	98 031	-
		517 682	15 814
c) Loans from related parties			
- Forrester Estates (Private) Limited	Common shareholding	232 496	324 975

Notes to the Company Financial Statements (Cont'd)
For the year ended 30 June 2012

13 RELATED PARTY DISCLOSURES (continued)

		2012 US$	2011 US$
d) Guarantees from related parties			
-Radar Investments (Private) Limited	Common shareholding	3 356 061	-

The guarantee is in respect of bank loans.

	2012 US$	2011 US$
e) Key management personnel remuneration and other compensation		
- Salaries and other short term employee benefits	232 449	265 793
- Pension contributions	-	8 824
	232 449	274 617

Key management includes directors (executive and non-executive).

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. US$15,250 (2011: nil). was provided against receivables from related parties. The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

14 Other operating income / expenses

14.1 Other operating expenses

	2012 US$	2011 US$
Loss on disposal of property, plant and equipment	245 116	5 023
Exchange losses	247 234	7 849
	492 350	12 872

14.2 Other operating income

	2012 US$	2011 US$
Proceed from insurance claim	175 000	250 000
Sundry income	361 347	121 609
	536 347	371 609

Insurance proceeds are in respect of pole plant fire claim.

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

15 EXPENSES BY NATURE

	2012 US$	2011 US$
Raw material and consumables used	2 608 955	1 739 577
Depreciation charges (note 1)	2 042 228	1 763 863
Employee benefit expense (note 16)	8 655 259	5 552 887
Haulage	2 599 093	2 094 636
Repairs and maintenance - motor vehicles	3 740 872	3 243 774
Repairs and maintenance - plant/buildings	3 008 472	2 604 379
Sub contract services	1 666 934	875 301
Consultancy	194 843	598 344
Electricity	1 057 638	787 454
Auditors remuneration		
- current year audit services	39 367	64000
- prior year audit services	28 000	51 947
- current year non-audit services	1 699	7 047
Plantation damage/redemption (note 2)	6 807 397	5 337 691
Provision for doubtful debts (note 5)	129 952	(358)
Impairment :		
- impairment of property, plant and equipment (note 1)	8 824	193 322
- inventory (note 3)	281 043	396 614
Protective clothing	202 335	75 611
Security	174 336	25 606
Foreign & Local Travel	239 405	72 833
Telephone costs	139 817	44 778
Management fees	520 828	196 288
Contract cancellation fees	175 176	-
Insurance	164 872	60 711
Subscription	153 861	63 069
Office Equipment	101 433	7 633
Printing & Stationary	90 923	2 276
Bank charges	285 213	87 105
Utilities	79 248	28 331
Other expenses	304 076	306 784
	35 502 099	26 281 500
Capitalisation of forestry costs (note 2)	(4 099 352)	(1 968 596)
Total cost of sales, administrative and distribution and selling costs	**31 402 747**	**24 312 904**

16 EMPLOYEE BENEFIT EXPENSES

	2012 US$	2011 US$
Wages and salaries	7 192 290	4 761 182
Pension fund contribution	293 052	196 876
Social security costs	108 200	73 784
Staff welfare costs	829 267	246 428
	8 422 810	5 278 270
Directors remuneration:		
Salaries and other short term employee benefits	217 949	265 793
Pension contributions	14 500	8 824
	8 655 259	5 552 887

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

Manning levels at 30 June	2012 Number of employees	2011 Number of employees
Permanent	1 570	1 389
Contract	1 223	1 375
Total	2 793	2 764

17 FINANCE INCOME AND COSTS

	2012 US$	2011 US$
Finance costs		
Interest paid:		
-Bank loans	1 388 611	1 026 124
-Finance lease liability	22 044	28 727
-Related party borrowings	480 008	39 983
	1 890 663	1 094 834
Finance income		
-Short-term bank deposits	2 369	2 878
-Related party balances	145 636	96 920
	148 005	99 798

18 TAXATION

	2012 US$	2011 US$
Deferred income tax charge	1 057 078	1 663 316
Tax Reconciliation:		
Profit before taxation	4 146 918	7 030 060
- Taxation at normal rate	1 067 831	1 810 240
- Non-deductible expenses	(10 753)	(146 925)
- Adjustment to deferred tax liability resulting from change in tax rate	-	-
Tax charge	1 057 078	1 663 315

19 RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk.), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company finance department under policies approved by the operating board. The Company finance department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The operating board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

The Company's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables and cash and short term deposits that arise directly from its operations.

The Company's senior management oversees the management of risks. The Company's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company. The Board of Directors meets regularly to analyse the Company's risk-taking activities and ensures that they are governed by appropriate policies. The policies for each of these risks are summarized below.

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

19 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Board Meetings

The Board executive meets regularly to consider and to adopt effective strategies to manage the following risks:

- exposure to exchange rate fluctuations;
- borrowing facilities in the form of bank overdrafts and acceptance credits which are negotiated with approved and registered financial institutions and third parties, at acceptable interest rates;
- investment of surplus funds in the form of treasury bills, bank acceptances and money at call which are placed with approved registered financial institutions and building societies at favourable rates on a short-term basis;
- credit risk in the form of trade receivables that consist of a large customer base.
- Specific provisions for doubtful debts are regularly adjusted. Where appropriate, credit guarantee insurance is purchased;
- Insurance of Company assets with the exception of plantations, which are not insured.

19.1 Market risk

(i) Interest rate risk management

The Company's exposure to the risk of changes in market rates relates primarily to the Company's short term debt obligations with a fixed interest rate. Management monitors the Company's debt and makes efforts to reduce the interest rate exposure.

At 30 June 2012, the impact of a 3 percentage points movement in the interest rate was immaterial.

(ii) Foreign Currency Exposure Management

The Company has transactional currency exposures. Such exposure arises from the sales or purchases or borrowings by an operating unit in currencies other than the Company's functional currency. Management monitors exposure to exchange rate fluctuations on an ongoing basis.

At 30 June 2012, the impact of a 5 percentage points movement in foreign currency exchange rates on the Company's profit before tax, current liabilities and current assets with all other variables held constant was immaterial.

19.2 Credit Risk Management

Credit risk is managed on Company basis. The Company finance department is responsible for managing and analysing the credit risk for each of the new and existing clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from credit exposures to customers, including outstanding receivables and committed transactions as well as cash and cash equivalents.

Trade receivables

The Company trades only with recognised creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to impairment is not significant. The maximum exposure is the carrying amount of trade receivables.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard performed by an external credit rating organisation. Outstanding customer receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

Cash and cash equivalents

The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument. Only reputable financial institutions are used for investing and cash handling purposes.

19.3 Liquidity Risk Management

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Cash flow forecasting is performed by Company finance. Company finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

The table below analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

19.3 Liquidity Risk Management (continued)

At 30 June 2012	Less than 3 months US$	Between 3 months and 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Total US$
Borrowings (excl finance lease liability)	5 375 180	5 967 562	422 054	-	-	11 764 796
Finance lease liability	138 265	21 028	-	-	-	159 293
Trade and other payables	4 178 223	-	-	-	-	4 178 223
At 30 June 2011						
Borrowings (excl finance lease liability)	2 565 305	3 365 724	678 925	422 054	-	7 032 008
Finance lease liability	123 134	58 203	-	-	-	181 337
Trade and other payables	2 538 186	-	-	-	-	2 538 186

19.4 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The objective of the Company's capital management is also to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 30 June 2012.

The Company monitors its capital ratio using a gearing ratio which is net debt divided by total capital plus net debt. The Company includes within its net debts, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations; capital includes equity attributable to the equity holders of the parent.

Notes to the Company Financial Statements (Cont'd)

For the year ended 30 June 2012

19 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

	2012 US$	2011 US$
The gearing ratios at 30 June were as follows:		
Interest bearing loans and borrowings	11 924 089	7 213 345
Less cash and short term deposits	(181 272)	(71 260)
Net debt	11 742 817	7 142 085
Equity	108 899 699	105 885 731
Gearing ratio	11%	7%

The Company's strategy is to maintain equity to total assets ratio at not less than 50%.

19.5 Risk Management – Agricultural Activities

The Company is exposed to risks arising from plantation fires, environmental and climatic changes, commodity prices and financing risks.

As a leading member of the Timber Producers Federation (TPF), the Company complies with the TPF Fire Policy, and actively participates in TPF District Fire Committees. District Fire Committees include Traditional Leaders and Local Authorities, Zimbabwe Republic Police (ZRP), Environmental Management Agency (EMA), Forestry Commission and landowners within each District.

The risk to the Company's plantation area from uncontrolled fires is increased because of the presence of illegal settlers on four of the company's five estates. Each estate annually produces a Fire Plan identifying risk levels for each compartment and responses to mitigate such risk as far as is practical, and identifying fire-control teams, equipment and infrastructure, fire responses and call out procedures. Fire- awareness campaigns are carried out in conjunction with the District Fire Committees. Areas are selected for pre-season fuel-reduction burns. Teams are trained at Basic, Fire-fighter and Fire Boss level and refresher drills are carried out weekly during the Fire Season. All estates are covered day and night throughout the year by manned Fire Towers and a radio network. Standby teams including specialised, dedicated Fire Tenders are on duty at all times during the Fire Season and procedures are in place to rapidly augment first-call teams with local back-up, then with additional units from other estates, should the need arise.

19.6 Risk Management – (Forest Fires)

All major fires are investigated with a view to improving response and effectiveness. Fires of unknown origin or resulting from illegal activities are reported to Zimbabwe Republic Police.

Over and above the fire risks, the Company is exposed to risks arising from climatic changes, disease and other natural risks such as flooding and storms and human-induced losses arising from strikes, civil commotion and malicious damage. Management is in constant liason with the community and local authorities in an effort to manage the exposure.

Notes to the Company Financial Statements (Cont'd)
For the year ended 30 June 2012

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of all financial instruments approximate the carrying amounts shown in the statement of financial position due to the short term nature of these instruments. Receivables were tested for impairment and adjusted for accordingly.

The fair value of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in a current transaction of willing parties, other than a forced or liquidation sale.

21 ASSET INSURANCE

Assets are insured on a reinstatement basis. The sums insured are subject to regular review by the Company and its brokers. Plantations are not insured as cover is not available.

22 LAND DESIGNATION

During previous financial years, the Zimbabwe Government de-listed all land previously listed for compulsory acquisition. In 2005 the Constitution of Zimbabwe Amendment (No17) was enacted into Zimbabwe law by the Parliament of Zimbabwe to confirm acquisition of land for resettlement purposes which took place pursuant of the Land Reform Program beginning 2000 and to provide for the acquisition in future of agricultural land for resettlement and other purposes.

The constitutional provision states that:

- All land that has been identified in the Government Gazette between 2 June and 8 July 2005 or identified after that date by the Government, as being Agricultural land required for resettlement purposes is acquired by the state and is vested in the state with full title therein.
- No compensation shall be payable to such land except for any improvements on the land
- The acquisition of such land may not be challenged by the courts except to the extent of amounts payable for improvements.

It should however be noted that both the land and operating assets of the Company are protected through a bilateral investment agreement between Zimbabwe and Germany, and are therefore not considered to be impaired. The Company has free and undisturbed use of the land and continues capital expenditure activities on the land.

23 CAPITAL COMMITMENTS

	2012 US$	2011 US$
Capital expenditure approved as at 30 June:		
Contracted		
Not contracted:		
Property, plant and equipment	1 846 403	4 264 685
Plantation establishment	3 071 935	2 959 012
	4 918 338	7 223 697

All commitments are to be funded from Company resources and borrowings.

24 EVENTS AFTER THE REPORTING PERIOD

There were no abnormal events after the reporting period

Company Annual Perfomance Analysis

	2012 US$	2011 US$	2010 US$	2009 US$
Revenue	27 177 905	21 006 256	13 423 750	7 037 345
Profit before taxation	4 146 918	7 030 062	2 453 356	43 303
Taxation	(1 057 078)	(1 663 316)	5 476 188	(704 415)
Retained earnings for the year	3 089 840	5 366 746	7 929 544	(661 112)
Funds Employed				
Share holders' equity	108 999 699	105 885 732	100 518 987	90 224 040
Medium term loans	422 054	1 100 979	-	
Deferred income	-	-	-	646 918
Deferred income tax liability	31 819 823	30 762 745	29 099 427	33 761 991
	141 241 576	137 749 456	129 618 414	124 632 949
Represented by:				
Property, plant & equipment	47 858 556	46 867 238	46 723 497	48 779 512
Biological assets	97 794 631	90 432 254	82 828 342	74 372 359
Net current assets /(liabilities) excluding cash resources	(4 592 883)	378 703	(172 342)	1 392 209
Cash resources	181 272	71 260	238 917	88 869
	141 241 576	137 749 456	129 618 414	124 632 949
Statistics				
Shares in issue				
Number of ordinary shares	42 942 487	42 942 487	42 942 487	42 942 487
Number of shareholders	175	178	185	186
Shareholders performance per share (dollars)				
Basic earnings per share (cents)	7	12	18	13
Returns				
Operating income to turnover	21.7%	38.2%	20.7%	1.5%
Operating income to total assets	3.8%	5.5%	2.0%	0.1%
Profit after tax to shareholders funds	2.8%	5.1%	7.9%	6.0%
Ratios				
Debt-Equity	11%	7%	5%	2%
Interest cover (times)	3.12	7.33	8.64	1.60
Solvency				
Current Ratio	0.71	1.05	1.01	1.37
Liquidity	0.49	0.62	0.48	0.43
Number of employees	2 637	2 764	2 388	2 419

Analysis of Shareholders

DIRECTORS SHARE HOLDING

None of the sitting directors hold any shares in their individual capacities

Shareholder distribution	Number of shareholders	% of total	Issued shares	% of total
1-5000	139	79	142	80
5001 - 10000	7	4	7	4
10001 - 25000	10	6	10	6
25001 - 50000	5	3	5	3
50001 - 100000	8	5	8	4
100001 - 200000	2	1	2	1
200001-500000	-	-	-	-
500001 - 1000000	-	-	-	-
1000001 and above	4	2	4	2
TOTAL	**175**	**100**	**178**	**100**

ANALYSIS BY INDUSTRY

INDUSTRY

OTHER CORPORATES	22 039 877	51	22 040 340	51
INVEST/TRUST/PROPS	11 112 028	26	11 112 028	26
RES INDIV. & TRUSTS	4 559 058	11	4 559 146	11
STANDARD COMPANY	4 437 423	10	4 436 440	10
EXTERNAL COMPANIES	264 088	1	264 088	1
BANKS & NOMINEES	202 682	0	202 913	0
NON RES INDIVIDUALS	189 839	0	189 839	0
PENSION FUNDS	99 827	0	99 827	0
EXTERNAL BANKS & NOMS	36 420	0	36 420	0
FCDA - RES INDIV.	1 245	0	1 446	0
TOTAL	**42 942 487**	**100**	**42 942 487**	**100**

TOP 10 SHAREHOLDERS

Rank	Shareholder	Issued shares	% total
1	RADAR HOLDINGS LIMITED	22 005 087	51.2
2	FRANCONIAN ZIMBABWE INVESTMENTS (PVT) LTD	11 045 468	25.7
3	ILARIA LIMITED	4 294 248	10.0
4	ROANNE NOMINEES LIMITED	4 294 248	10.0
5	RIA HOLDINGS LIMITED	123 239	0.3
6	SALISBURY NEW POOL SETTLEMENT.	114 088	0.3
7	WAUGHCO NOMINEES (PVT) LTD	100 000	0.2
8	TUDLEY HOLDINGS NNR	90 500	0.2
9	P & R HOLDINGS (PVT) LTD PENSION FUND	89 118	0.2
10	P AND R HOLDINGS (PVT) LTD PENSION FUND	63 698	0.1
		42 219 694	98.3
Other shareholders		722 793	1.7
Total		42 942 487	100

Analysis of Shareholders (Cont'd)

Share Price information	US cents
Total	
30 June 2011	35
30 June 2012	11

Non public shareholders are defined in the Zimbabwe Stock Exchange Listing Requirements, which requires disclosure of public and non public shareholders, as follows;

- The directors of the company;
- An associate director of the company or any subsidiaries;
- The Trustees of any employees' share scheme or pension fund established for the benefit of any director or employees of the Company and its subsidiaries.
- Any person who, by virtue of any agreement, has the right to nominate a person to the board of the Company; or
- Any person who, is interested in more than 10% or more of the securities of the Company of the relevant class unlessexempted by the committee.

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